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UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s

Progress report by the UNCTAD secretariat and evaluation of UNCTAD's contribution to the implementation of the New Agenda

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INTRODUCTION

1. UNCTAD's contribution to the programmes on Africa consist of the following two complementary elements: 1/ policy research, analysis, deliberation and promotion of consensus in those areas of UNCTAD's mandate which have particular relevance to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF); and, technical cooperation activities to underpin measures directed at helping African countries fulfil their commitments under the New Agenda. In relation to policy research and analysis, UNCTAD Divisions take into account in their ongoing substantive work the priorities and orientations of the UN-NADAF.

I. POLICY RESEARCH AND ANALYSIS

A. The Trade and Development Report 1993, 1994; recent performance and prospects of African countries

2. The Trade and Development Report, 1993 dealt with the experience of Sub-Saharan African countries with structural adjustment programmes. It reviewed the experience of these countries and assessed the factors influencing their recent economic performance. The TDR considered the adequacy of the external funding for adjustment and the design and implementation of adjustment programmes in the light of the needs and potentials of these countries and their external environment, particularly commodity prices. It went on to suggest how financing and adjustment could be improved. The TDR indicated the reasons why both domestic and international policies needed to be revised considerably if the rise in poverty was to be reversed and the marginalization of Africa halted. It pointed to the need, in particular, to support structural adjustment programmes (SAPs) with a greater transfer of external resources, both to meet the continued terms-of-trade losses and to increase import and investment capacity. It also showed that debt reduction could play an important role in this regard.

3. The TDR also indicated the areas where the structural adjustment programmes had had shortcomings. For example, while there had been positive elements in African SAPs, including the importance attached to agriculture and macroeconomic stability, some important areas had been neglected to varying degrees. These included public investment, tax reform, reform of public enterprises, export promotion and capacity-building in public administration. The TDR concluded that it was important for these elements to be reflected in improvements in the design and implementation of SAPs.

4. The Trade and Development Report 1994 shows that growth performance in Africa remains highly unsatisfactory. With output continuing to lag behind population growth, per capita incomes are heading downward, as they have done for a decade and a half. The TDR notes that in the past few years, the economies pursuing "strong adjustment policies" have grown somewhat faster than others, but these economies have also received substantially more external funding. It points out again that, Structural Adjustment Programmes have failed to bring about the turnaround they promised; so far only one African country has managed to graduate from them.

5. The TDR observes that over the years a problem common to these African economies - and to other commodity-dependent economies in other continents, including least developed countries - has been the weakness of primary commodities, including oil. Falling export prices have depressed the export earnings of African countries notwithstanding increased export volumes, making it necessary to make huge cuts in imports. But in several African countries, the main factor behind poor economic performance has been political unrest or armed conflicts of various kinds; and some have been struck by drought or other natural disasters.

6. African economies have not shared in the recent revival of capital flows to developing countries, and remain under intense financial pressure. Net flows of medium- and long-term export credits to Africa declined sharply to a negative figure in 1992, and total net flows of export credits were also negative in the first half of 1993. Very few countries have access to international bond markets and to bank credits, and no significant increases in foreign direct investment (FDI) have occurred, notwithstanding the liberalization of foreign investment laws.

7. Meanwhile, payments and financing arrangements for imports (which reflect a country's creditworthiness) are costly and carry unfavourable terms. In spite of concessional restructuring at the Paris Club, the servicing of external debt remains extremely difficult. A welcome initiative was taken at the Naples summit of the Group of Seven, aimed at deepening official bilateral debt reduction for low-income countries (most of which are African). The TDR expresses the hope that this new political consensus will impart a strong impetus for early adoption by the Paris Club of the Trinidad terms, accompanied by country-specific measures when needed. It calls for eligibility for the new terms to be widened to include, at a minimum, all severely indebted countries that borrow from both IBRD and IDA. Also, in order to expedite the conclusion of "exit" rescheduling agreements for countries carrying out adjustment programmes, it calls for debt stocks reduction as soon as possible, and in one go.

B. Africa-specific analytical reports and studies

8. The secretariat has prepared and presented to the Board Africa-specific analytical studies on three topics so far: TD/B/39(2)/11: Regional and Integration issues in Africa (1993); TD/B/40(2)/9: Investment promotion, foreign direct investment, transfer of technology, 1994; and TD/B/41(2)/6: Sustainable development, population, human resources, and environment, 1995. Topics for later sessions of the Board will include: (i) achievement of sustained and sustainable growth; (ii) trade, commodities, and diversification; and (iii) interrelationship between economic progress, market orientation, good management, and increased popular participation. There have been some technical cooperation activities resulting from these analytical studies. One such activity includes capacity building in the accounting area which is prerequisite to enterprise development. This project, still in an embryonic stage is to be backstopped by the Division of Transnational Corporations and Investment.

C. International trade

9. The Supporting Papers to the Trade and Development Report, 1994 give particular attention, in the context of an initial assessment of the outcome of the Uruguay Round, to the special situation facing African countries. The Supporting Papers underline the importance the African countries attached to market access in the Uruguay Round negotiations. They considered that the trade liberalization would serve to mitigate the degree of tariff escalation and bring down the tariff peaks to which some of their products were subjected. On the other hand, in view of the inevitable erosion of preferential tariff margins the African countries voiced their concern early in the market access negotiations to secure compensatory measures, including additional market access concessions. The Supporting Papers indicate that the erosion of preferences has actually taken place and is most significant in the case of tropical products followed by natural resource-based products. The concern on the part of African countries regarding continued tariff escalation and losses in respect of preferential tariff margins is explained by their high dependence on exports of tropical and agricultural products, which account for a significant share of their exports. Erosion of preferential tariff margins is expected to have a greater impact on their overall export earnings due to their narrow export base, limiting their gains in improved access to markets in other categories of products.

10. The Supporting Papers give particular attention to the impact on African countries of the reform programme envisaged in the Agreement on Agriculture. It is suggested that a reduction or elimination of agricultural support and protection in the industrial countries could have in the longer run a dynamic impact on the development of agricultural production in African countries, thus providing them with the opportunity to expand the agricultural exports. However, in the short to medium-term run food prices can be expected to rise. This would bring hardship to many African countries that are net importers of food, particularly in the short run. The Supporting Papers stress the need for technical and financial assistance from donor countries and international agencies for the short-term financing of commercial food imports and for the improvement of agricultural productivity and infrastructure in these countries.

11. A need for Africa to transform its production and trade structures is particularly underlined in the Supporting Papers. A number of priority areas, on which a set of policy actions could be focused, were identified: services infrastructure development to support production and trade; technological capacity-building to improve quality and supply capabilities; diversification to higher value-added production through processing; improvement of investment conditions and the strengthening of regional and sub-regional markets. The support of the international community to complement domestic efforts in these and related areas was found to be essential.

D. Commodities

12. In the context of work on fostering sustainable development in the commodity field various case studies have been undertaken or are under way in several developing countries on the environmental effects of commodity production and processing. Special emphasis has been placed on the links

between these effects and economic and environmental policies as well as market conditions. The case studies involving African countries are: Cameroon (coffee and cocoa), Nigeria (cocoa), Côte d'Ivoire (coffee, cocoa, rice) (TD/B/CN.1/15), Ghana (gold) (UNCTAD/COM/41) and Zimbabwe (gold) (UNCTAD/COM/45).

13. These studies aim to establish a factual basis for national and international policy proposals which should contribute to ensuring that commodity production and trade are consistent with, and mutually supportive of, a better management of natural resources and protection of the environment. The objectives of the case studies are (i) to assist developing countries in designing and implementing policies which promote environmentally desirable production and processing of agricultural, fishery, forestry and mineral commodities; and (ii) to increase the developed importing countries' awareness of the difficulties faced by governments and producers in developing countries in terms of environmental protection in the commodities sector. The conclusions show that there is no inherent contradiction between environmental protection and expanding the export base including through diversification.

14. A second area of work is concerned with expanding the utilization and trade of environmentally friendly products. The aim is to assist developing countries in (i) increasing export earnings through expanding sustainable production and exports of products which are environmentally preferable from the point of view of the producing and consuming countries, and (ii) benefiting from enhanced recycling programmes. In the first area, non-wood forest products, agricultural fibres, organic agricultural inputs, ecologically produced beef, and products made of agricultural waste are being given priority. Case studies are being undertaken or planned in several developing countries, including African countries, to identify the supply potential of products which can lay claim to having environmental advantages.

15. On the basis of this background material, workshops will be organized on specific environmentally friendly products for developing countries, including African countries. These will bring together government officials, private sector representatives from producers and industry, and NGOs from both developing and developed countries. Advisory services will be provided to governments and the business sector for identifying products with market potential, as well as for designing and implementing appropriate policies, measures and strategies to exploit the potential.

E. Poverty alleviation

16. Given the scale and intensity of poverty in the African continent, the work of the Standing Committee on Poverty Alleviation is extremely relevant to the New Agenda for the Development of Africa in the 1990s. Africa thus receives a great deal of attention in all the work of the Standing Committee.

17. The Standing Committee on Poverty Alleviation organized a meeting in Geneva of an Intergovernmental Group of Experts from 24 to 28 January 1994, for the purpose of exchanging experiences on poverty reduction impacts of social funds and safety nets, including mobilization of domestic and external resources for poverty alleviation. Special emphasis was given to the role of safety nets and social funds in countries undergoing structural adjustment or

facing its aftermath. The Group of Experts recommended work in the areas of people's participation and involvement of the poor in the development process, including women's participation; the role, effectiveness and overall impact of international action to combat poverty; external financial resources to complement national efforts and identification of major impediments (on both the donors' and the recipients' side) affecting implementation of assistance programmes for poverty alleviation; exploration of ways and means of promoting international assistance to the developing countries in their poverty alleviation programmes and projects; and optimizing the respective roles of governments, donors, international organizations, and NGOs in specific categories of programmes and projects; population, migration, and poverty alleviation; as well as rural development and food security. (For details see TD/B/CN.2/L.2). Many of these concerns are of particular urgency in African developing countries.

F. Least developed countries

18. Thirty-two African countries are classified among the least developed countries (LDCs). At present 47 countries are classified as LDCs. In September 1990, the international community unanimously adopted the Programme of Action for the Least Developed Countries for the 1990s which provides for action to be taken by the LDCs at the national level as well as for international support measures by their development partners. Many of the priorities identified and recommendations made in the Programme of Action correspond to those contained in the New Agenda for the Development of Africa in the 1990s (UN-NADAF) and are supportive of its implementation.

19. The socio-economic problems of the 32 African least developed countries continued to receive emphasis in the reports issued by the secretariat. The Least Developed Countries Report for 1991 (TD/B/13(2)), 1992 (TD/B/39(2)/10) and 1993/94 (TD/B/40(2)/11) analysed several issues related to the New Agenda. These include: policy reforms, diversification of trade, popular participation in development, population growth policies and food security, domestic resource mobilization for development and mobilizing and developing human capacities in LDCs. These Reports, which include the basic data series on LDCs, also include several boxes on specific issues relating to individual African LDCs or the African LDCs as a group. The Reports are thus of particular relevance to the monitoring of the implementation of the UN-NADAF. Other reports have included: (i) The Role of GSP in improving LDCs' Access to Markets - Some Recent Developments (TD/B/39(2)/CRP.7, 19 March 1993); (ii) Aspects of Debt Management in Least Developed Countries (TD/B/39(2)/CRP.8, 19 March 1993).

20. Furthermore, specific country case studies on a number of African LDCs (Benin, Burkina Faso, Cape Verde, Ethiopia, Gambia, Lesotho, Madagascar, Malawi, Mozambique, Niger, Togo, Uganda and the United Republic of Tanzania) are being finalized. These will provide inputs to the annual LDCs Report and provide the basis for an in-depth analysis of these countries' needs and problems.

21. The General Assembly has decided in its resolution 48/171 to convene the Mid-Term Global Review Conference on the Programme of Action in 1995. In its preparations for the preparatory meetings and the Conference, the UNCTAD

secretariat will continue to review developments in African LDCs and the progress made in the implementation of the Programme of Action and the UN-NADAF. The secretariat will also make the assessment of the requirements of the African LDCs of particular relevance to their development that call for strengthened efforts during the rest of the 1990s. In addition, and as part of the preparatory process for the mid-term global review conference, it is planned to organize, jointly with ECA, a cluster meeting, as called for in the Programme of Action, in order to improve and strengthen existing cooperation arrangements at the regional and subregional level.

II. TECHNICAL COOPERATION ACTIVITIES

A. Trade

1. National trade policies of developing countries

22. UNCTAD provides the member countries with technical assistance in the area of national trade policies. For example, in the case of Ghana, assistance is being provided by means of a UNDP-financed study in reviewing, evaluating and formulating national trade policy for export promotion and import management. A first draft of the related report is currently under review. Apart from reviewing the current trends and exchange rate policies of the country, the report evaluates the institutional and legal framework for implementing policies. It further proposes some actions for strengthening the export competitiveness of the country.

23. UNCTAD, in cooperation with UNDP, provided assistance to the Government of the Gambia in undertaking a feasibility study on the establishment of an Export Processing Zone and in the area of tariffs, and computerization of trade data. An UNCTAD/UNDP technical cooperation project is currently providing assistance to the Government of the United Republic of Tanzania with the planning of export processing free zones (EPZs) in Zanzibar and its neighbouring island Pemba. The project involves the preparation of full-fledged feasibility studies. An UNCTAD/UNDP technical cooperation project is providing assistance to the Government of Kenya in order to strengthen the operational and promotional capacities of Kenyan Export Processing Zones Authority. Several private and public EPZs have been, or are being, established in Kenya. The Kenyan EPZ Authority has been entrusted with the task of ensuring that these EPZs are efficiently operated and contribute effectively to the country's industrial and export development. The UNCTAD/UNDP project is assisting the EPZ Authority with building up: (i) a well-designed management structure; (ii) establishing operational systems and procedures; (iii) determining criteria to decide upon production activities eligible for the EPZs; (iv) training staff, in particular at managerial levels, both on-the-job and overseas; and (v) developing well-defined channels to disseminate information and promotional material on Kenyan EPZs. The project has made available two long-term advisers to the EPZ Authority. The duration of the project is two years.

24. In Sao Tome, under a project funded by the Government itself, UNCTAD advised on the setting up of a free zone. In Cape Verde, assistance was provided to the Ministry of Tourism, Industry and Commerce in developing the institutional capacity, restructuring the legal framework, identifying

training needs, and proposing policy recommendations, with respect to foreign trade. In addition to the organization of a number of workshops and seminars, substantive studies were prepared which contained recommendations to the Government for concrete measures on issues such as exchange policy, trade financing, tariff and non-tariff barriers, externalization of services, and special incentive measures for promotion of private investment in infrastructure. Assistance was also provided in the implementation of all the new trade policies which have been approved. In Uganda, the project of assistance to external trade has provided advisory services and training in the areas of trade policy (in particular, on Uganda's submission to the Uruguay Round), trade facilitation and trade statistics analysis, thus placing the Ministry of Trade and Industry in a better position to formulate trade policy and react to demands in the area of trade promotion.

25. An interregional trust-fund project (INT/89/A17) financed by Italy addressed the need of LDCs to diversify their export structure to achieve export revenue stability and, in the longer term, a more balanced production structure. The project aims at providing LDCs with comprehensive country and synthesis studies, and policy recommendations derived from them. Eight country studies (including five African countries, Benin, Cape Verde, Mozambique, Niger and Uganda), and two subregional studies on Asian and African LDCs were undertaken. These studies and the synthesis study are expected to be published shortly. The findings will also be disseminated in the form of a training module to be developed in cooperation with the TRAINFORTRADE programme.

26. Another interregional trust-fund project (INT/91/A20), supported by the Netherlands, on fiscal policy reform in the LDCs, aimed at identifying policies and measures required by the LDCs to mobilize resources and restructure expenditure, and developing a framework which would serve as a basis for policy advice to LDCs seeking fiscal reform. The four country case studies planned including three African countries (the Gambia, Malawi and the United Republic of Tanzania), were completed and an overview of the main findings and policy conclusions, to be presented in the form of a policy framework paper, is being prepared.

2. First Afro-Arab Trade Fair

27. The First Afro-Arab Trade Fair took place in Tunis under the auspices of the Organization of African Unity, the League of Arab States and the Tunisian Government, from 22 to 31 October 1993. During the event an UNCTAD stand was established. The UNCTAD secretariat also arranged 62 bilateral trade consultations between the different delegations belonging to the two groups of countries. Relevant UNCTAD documentation (in English, French and Arabic), mainly related to trade promotion between Arab countries and African countries, as well as statistics on international trade and selected documents such as, TDR, and publications on technology, LDCs, etc., were displayed and distributed to the participants.

28. Also a symposium on trade promotion was held during the Fair. The general theme of the symposium was promotion of Arab-African trade. Issues dealt with included prospects of trade, monetary and financial cooperation between African and Arab countries. The issue of bilateral and multilateral

financial flows from Arab to African countries was also dealt with. Measures to be taken in the areas of trade policy and promotion, supportive infrastructures, cooperation among business communities of the two sets of countries and the establishment of clearing and payments arrangements as well as trade financing facilities were also elaborated on.

3. Multilateral trade negotiations: the Uruguay Round

29. UNCTAD has provided support to African countries in the evaluation of the Uruguay Round results which was carried out before the formal conclusion of the negotiations as stipulated in the Punta del Este Declaration.

30. Several African countries which participated in the negotiations benefited from the training programmes provided by UNCTAD with the financial support of UNDP throughout the period of the Round, including the availability of studies and other supporting negotiating materials. At the request of the African Governments UNCTAD is finalizing the formulation of a post-Uruguay Round programme of technical cooperation to address the needs of these countries during the implementation of the results. In this context, UNCTAD collaborated with the ECA in the organization of an International Conference on Technical Assistance for African Countries in the field of trade in the post-Uruguay Round phase to be held in Tunis, Tunisia, in October 1994.

31. In the area of services, UNCTAD technical cooperation with African countries continued in the framework of the Coordinated African Programme of Technical Assistance on Services (CAPAS) with continued financial support of the French Government, the International Development Research Centre (IDRC) of Canada and the Carnegie Corporation of New York. As in phase one, a future programme of activities under CAPAS was formulated by the recipient countries themselves in the light of an assessment of the impact of phase one of CAPAS carried out at a seminar organized for this purpose in Nairobi, Kenya, in May 1994. As essentially a policy-making capacity-building technical assistance programme in the field of services, CAPAS is intended to meet the needs of African countries in the area of multilateral trade negotiations in services as well as enhancing the contribution of the services sector to the development process.

4. Generalized system of preferences (GSP)

32. In the context of GSP, the UNDP/UNCTAD National GSP Project for Zimbabwe, which ended in December 1993, delivered 16 seminars and workshops and trained some 350 participants in various cities on the GSP schemes, their rules of origin and other trade arrangements. A recent UNCTAD mission in January 1994 found that this project maintained a high quality in its implementation and relevance to the current situation of Zimbabwe.

33. Two national GSP seminars for Cape Verde and one national GSP seminar for Uganda were also undertaken. They were both financed by national projects established in these countries. A regional GSP seminar for 14 French-speaking African LDCs financed by funds provided by the Government of Switzerland was held in Burkina Faso. The participating countries were: Benin, Burundi, Burkina Faso, Central African Republic, Chad, Comoros, Equatorial Guinea, Guinea, Mali, Mauritania, Mozambique, Niger, Rwanda, and Togo.

5. Trade and the environment

34. With the support of UNDP and UNEP, UNCTAD's activities in Africa in this area consist of a series of country case studies on the linkages between trade and environment. There are little or no data on these interlinkages which means that assumptions are now being made which have no firm empirical basis. The principal aim of the projects is to contribute to providing such a basis and to improve the understanding and awareness of environmental issues in relation to trade. Following the analyses of the empirical studies, policy implications and subsequent policy-oriented research strategies will be discussed. The following African countries are participating in the UNDP-funded project: Cameroon, Egypt, Kenya, Nigeria, Senegal, Uganda and Zimbabwe. UNCTAD and UNEP jointly organized a seminar on trade and environment for African countries which was held in Nairobi, Kenya, from 26 to 29 July 1994. The participating countries were: Cameroon, Egypt, Kenya, Mozambique, Nigeria, Uganda and Zimbabwe. With the support of UNEP, a country case study on Kenya will be undertaken.

6. Restrictive business practices

35. The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, adopted by the General Assembly in 1980 and reinforced by various pronouncements of the Intergovernmental Group of Experts on Restrictive Business Practices (particularly at its twelfth session in 1993) lay down the framework within which UNCTAD, and other relevant organizations of the United Nations system, provide technical, advisory and training assistance programmes on restrictive business practices, particularly for developing countries.

36. UNCTAD has been providing assistance to Ghana since 1991 in the three areas mentioned above; and the work is expected to culminate in the enactment of a bill entitled "The Trade Practices Act" and the establishment of its administrative underpinnings, most probably with financial support from UNDP. In Zambia, with support from the UNDP-financed Preparatory Assistance Project on Capacity-Building in the Ministry of Commerce, Trade and Industry (ZAM/92/026), a Fair Trade and Competition Act was developed and has now been adopted.

37. In response to a request from the member states of the Preferential Trade Area for Eastern and Southern African States (PTA), the UNCTAD secretariat conducted a workshop in December 1994 on Competition and Control of Restrictive Business Practices, in the context of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMSA, signed on 5 November 1993).

7. Trade Efficiency

(i) ASYCUDA

38. The ASYCUDA programme has been the largest technical cooperation programme within UNCTAD since the late 1980s. ASYCUDA potentially provides the most cost-effective solution for countries wishing to modernize their

Customs Administrations and Data Collection Services and has been at the centre of the great progress made in the last five years in the developing countries in this area.

39. The subregional ASYCUDA support centre serving West Africa based in Lomé continues until the end of 1995 with funding from the European Community. In eastern and southern Africa, a regional support centre project funded by the European Economic Community for the Preferential Trade Area countries of the eastern and southern Africa subregion is under implementation: A team of four experts has been fielded in Lusaka since February 1993. ASYCUDA installations in Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Comoros, Ghana, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, the Sudan, Togo and Zimbabwe are now fully operational although Niger and Togo have older equipment which must be replaced so that they can take on the latest software. Projects are under way in Gambia, Sao Tome and Principe, United Republic of Tanzania, Mozambique and Namibia. The project in Zaire has been suspended due to the political situation.

40. As indicated above ASYCUDA primarily aims at increasing revenue, increasing efficiency in the customs clearance process and providing data to government statistical agencies. Evaluations of national and regional ASYCUDA projects have been carried out on a regular basis since the programme's inception and without exception have been positive in terms of results. For an example Mauritius recorded an increase of 10 per cent on customs revenue and a reduction in clearance times from an average of four days to one day.

(ii) The Trade Point programme

41. The Trade Efficiency Initiative was launched by UNCTAD VIII in Cartagena. The main objectives of the initiative are to open international trade to new participants - especially small- and medium-sized enterprises - and reducing transaction costs by simplifying and harmonizing trade procedures worldwide and giving traders access to advanced technologies and information networks. A key component of the initiative is the "Trade Point Programme", which consists mainly of establishing, operating and interconnecting Trade Points in all regions of the world.

42. Missions to present the Trade Point Programme to both private and public sectors have been carried out in the following African countries: Algeria, Cape Verde, Egypt, Gabon, Kenya, Mauritania, Morocco, Sao Tome and Principe, Senegal, Tunisia, United Republic of Tanzania and Zambia. Over 20 countries in Africa have established, or are in the process of establishing, trade points.

B. Commodities

1. Commodity export strategies

43. With financial support of the Government of Australia the UNCTAD secretariat in cooperation with the International Trade Centre UNCTAD/GATT and the United Nations Development Programme, organized a Workshop on Commodity Export Policies and Strategies in African Countries undertaking Structural

Adjustment in Dar-es-Salaam (United Republic of Tanzania) from 24 to 27 November 1993. The 25 participants included senior government officials from the Ministries of Trade and Agriculture and the relevant State parastatal organizations in Ethiopia, Kenya, Malawi, United Republic of Tanzania, Uganda and Zimbabwe. The aim of the workshop was to assist these Governments in reshaping their policies for the production and export marketing of the three selected commodities. Aspects covered included the effects of deregulation and decreased budgets on production and export marketing; the formulation and implementation of government policies in a deregulated framework including definition of the balance of tasks and functions between the Government and the private sector; and the implications of deregulation for the efficient use of marketing techniques and for information flows.

2. Commodity processing

44. The UNCTAD secretariat initiated in 1992 "A pilot project on commodity processing for selected developing countries" which is financed by the Government of Japan and UNDP. The project concentrates on two highly commodity dependent developing countries with limited processing activities, including one in Africa, Cameroon. As the project was designed to test a new approach to cooperation between international organizations, it involves all the relevant international agencies (UNCTAD, FAO, UNIDO, World Bank and regional development banks), as well as two high-level independent experts who serve as standing members of the "Core Group" involved in the project execution.

45. After assessments of commodity sector potential and the development of project profiles, a Round Table meeting was organized in Cameroon with a view to evaluating the viability of potential investment projects. Participants discussed concrete processing projects in avocado oil and palm oil, and commitments of international organizations and of the Government of Cameroon were identified in order to support the starting up of these commercial projects.

46. The project has so far confirmed the potential of effort at encouraging private investment in processing activities through a new multi-agency cooperation mechanism, including international and regional organizations with competence in related areas. All participants have found the format of the project highly promising as an instrument to promote economic growth by means of stimulating and assisting concrete "self-help" efforts of highly commodity dependent developing countries with processing potential. A second stage is being considered, and a number of African countries have expressed interest in being involved.

3. Commodity marketing and risk management

47. A high-level policy workshop on "Improving government policies affecting coffee export marketing and the use of modern marketing techniques (including risk management instruments) in Africa" was held in Nairobi, Kenya, from 29 November to 3 December 1993. The seminar was organized by the UNCTAD secretariat, with the financial support of the Government of the Netherlands, as one of the activities undertaken in the framework of UNCTAD's mandate on commodity marketing and risk management. The 30 or so participants in the

workshop included senior policy-making officials of Ministries of Agriculture, Ministries of Finance, Ministries of Commerce, Central Banks, and representatives of coffee export associations from Burundi, Cameroon, Ethiopia, Kenya, Madagascar, Uganda, and United Republic of Tanzania. The objective of the workshop was to improve the capacity of coffee-dependent African countries to evaluate the advantages of, and problems involved in, the use of risk management instruments and other modern methods of marketing in the export of coffee, and to assess the implications of their use for government policy. A series of reports was prepared for the workshop, covering the issues: the functioning of commodity price risk management instruments; the company control structures needed for proper risk management; the relation between government policies and the use of risk management; the role of coffee exports in the countries covered by the project; modern coffee marketing techniques; commodity finance; and government policies in East Africa which influence the use of risk management instruments.

4. Import management and policies for food commodities

48. Under its project on "Import Management and Policies for Food Commodities" UNCTAD has undertaken work in Africa in the areas of trading advice and commercial training and on import policies and their relation to structural adjustment programmes. During the period 1990-1993, 17 countries were assisted in the procurement of wheat and rice, particularly on contract terms, tender procedures, selection of appropriate suppliers, technical specification and inspection requirements. In another 15 countries seminars were organized in cooperation with the Chambers of Commerce and Governments on the market situation, trade finance, contract conditions and product specifications for rice and sugar. Approximately 350 private traders, government officials and senior bank managers participated in the seminars. Fellowships were provided to senior purchasing officials from Senegal, United Republic of Tanzania, Madagascar, Ghana, Tunisia and the Comoros. Two studies were prepared on the effects of structural adjustment policies on imports of rice and sugar. Two reports were prepared on "Major Contract Clauses and Tender Procedures" and on "Food Trade Financing". In addition, UNCTAD initiated the establishment of a market service for rice which is implemented by ITC.

49. These activities have contributed to more competitive prices and/or improved contract conditions leading to more security in contract performance, the supply of better quality products and the generation of foreign-exchange savings. The project, which had been funded mainly by Switzerland and Italy has now been completed.

C. Debt management and negotiations

1. Debt Management and Financial Analysis System (DMFAS)

50. Developing country indebtedness has been singled out as one of the most important constraints on spending on education and health. Improving its debt management can help a country to conserve scarce resources, for instance the ready availability of accurate data is essential for the pursuit of optimal macroeconomic and external borrowing strategies. Developing countries therefore need the capacity and administrative structure to deal effectively

with all aspects of managing their external debt. For this purpose, they need a computer-based debt management system, and associated training and advice in debt management. These are all important dimensions of the question of human resource development in the region. UNCTAD provides such technical assistance. Its central component is a computerized system for debt management, the Debt Management and Financial Analysis System (DMFAS 2/), which is designed to strengthen the technical capacity of developing countries to record and monitor their external debt. The DMFAS has been installed in Burundi, Djibouti, Ethiopia, Rwanda, Togo, Uganda, Zambia, Zimbabwe and Egypt, as well as in a large number of countries outside the African continent. Based on official requests, new projects in Africa are currently being prepared for Angola, Cape Verde, the Central African Republic, Côte d'Ivoire, Mauritania, Senegal, Sudan and the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO).

51. UNCTAD has for many years sought to decentralize its DMFAS-related activities in Africa to the extent possible and useful. From September 1991 until August 1993 a regional UNCTAD adviser, resident in Uganda, provided support to the use of the DMFAS initially to Burundi, Uganda and Rwanda, and later to Zambia and Ethiopia. This project (INT/91/A12), funded by the Netherlands, proved extremely successful and demonstrated the necessity for continuing to provide assistance to DMFAS installations after termination of country projects.

52. The Governments of 12 countries in eastern and southern Africa have created the **Eastern and Southern African Initiative in Debt and Reserves Management** (ESAIDARM) to improve the effectiveness of technical cooperation for debt management capacity building. The Initiative was formally established in September 1993 and its Board of Governors, Executive Committee and Executive Director elected. Technical and financial support will be provided by bilateral donors, the African Capacity Building Foundation, the World Bank, UNCTAD, the Commonwealth Secretariat and other international organizations. Training and advisory services will be provided through a regional secretariat attached to the Reserve Bank of Zimbabwe. Financial arrangements to support this regional operation are being finalized and the estimated cost for the first three years is $10.2 million. Building on its long experience in the region, UNCTAD has actively supported the creation of this initiative. At the request of the Initiative, UNCTAD has posted a chief technical officer (CTO) within the secretariat to support the installation and operation of the DMFAS in the countries, provide for the development of additional regional expertise and strengthen the quality and timeliness of current data recording efforts, through increased frequency of supervision visits and expanded advisory services. An expert has also been recruited within the region to serve as an understudy to the international expert; the latter will be phased out after a two-year period, and be replaced by the former.

53. The UNCTAD secretariat is also in touch with the Egyptian Information and Decision Support Center (IDSC) with a view to strengthening cooperation in providing support to African and other developing countries.

2. Debt negotiations

54. UNCTAD has initiated a technical assistance project, financed by the Italian Government, to strengthen African countries' capacity to reschedule their debt to official creditors. In the framework of this project, the following activities have been undertaken over the past two years: (1) Three African countries have been provided with technical assistance through advisory missions to prepare their strategy of debt negotiations with Paris Club creditors. Eight other African countries were also given technical assistance just before the Paris Club meeting; (2) A report on Paris Club bilateral agreements, concerning the experience of eight African countries (Guinea, Mozambique, Nigeria, Senegal, United Republic of Tanzania, Togo, Uganda and Zambia), has been prepared; (3) A high-level policy seminar on strategies for Africa's official bilateral debt negotiations was held in Geneva from 26-28 January 1994. The seminar brought together senior officials (typically heads of debt departments) from Central Banks and Finance Ministries in 15 African countries. The seminar had three aims: (i) to disseminate existing knowledge in the field of official debt negotiations and conversions; (ii) to analyse the experience of African countries in this area, and facilitate the exchange of information and experience among their governments; (iii) to determine the capacity-building needs of African countries to enable them to design their own external financing strategy, especially on debt, and to assess how such needs could be met.

D. Economic cooperation among developing countries

55. UNCTAD had various ongoing ECDC activities in the African region, including advisory support and technical assistance projects, directed at responding to the demands of integration groupings, improving payments and clearing arrangements, and encouraging trade enterprises and other economic agents to support trade and economic cooperation among developing countries. A new project of assistance to the Arab Maghreb Union (AMU) was launched in 1994. Preparatory work has started on two activities, namely, a study on a compensation scheme for loss of fiscal revenue resulting from the implementation of trade preferences; and the organization of a conference of Maghrebian trade enterprises in order eventually to set up an association. Assistance was provided to the Economic Community of West African States (ECOWAS) in the preparatory work for the elaboration of common external tariff, undertaking studies on greater currency convertibility and the setting up of a single monetary zone, and supporting the work of the follow-up committee for the establishment of coastal shipping services in West and Central Africa. Assistance was also rendered to the Economic Community of Central African States (ECCAS), in carrying out a study on rules of origin, a study on a compensation scheme for loss of fiscal revenue resulting from the implementation of the trade liberalization scheme, and the formulation of a work programme for the establishment of a common external tariff.

56. Several advisory missions were performed by UNCTAD staff and interregional advisers to ECOWAS, the Organization of African Unity (OAU), the Preferential Trade Area for Eastern and Southern African States (PTA), the Southern African Development Community (SADC) and UMA. Advice was given on the revision of the ECOWAS treaty, the drafting of protocols to be attached to

the Abuja Treaty establishing the African Economic Community on Markets of Eastern and Southern Africa (COMESA), and in the designing of a SADC trade liberalization programme and drafting of a trade cooperation protocol to the SADC treaty.

57. Several activities were related to the expansion of trade of African countries with other regions. Assistance was provided to the African Association of Trading Enterprises (ASATRADE) for establishing improved relations with partners in the Canary Islands (Spain) through a cooperation agreement between ASATRADE and the Chamber of Commerce of Tenerife. An analysis of the possibilities of export expansion of Cape Verde Islands towards Latin America was carried out. A report dealing with the export potential of Sub-Saharan free zones was finalized. These reports will serve as documentation for a symposium to be organized in 1995 on the impact of the results of the Uruguay Round of Multilateral Trade Negotiation on cooperation among free trade zones of developing countries. In this connection also, the second conference of governors and senior officials of central banks of African and Latin American countries was organized in March 1994 by UNCTAD in collaboration with Promociones Exteriores Canaries (PROEXCA) and the Official Chambers of Commerce, Industry and Shipping of Santa Cruz de Tenerife, Canary Islands, (Spain). The first meeting of the follow-up committee of the conference was held in October 1994, with secretariat assistance by UNCTAD.

58. The 8th meeting of the Coordination Committee on Multilateral Payments Arrangements and Monetary Cooperation among Developing Countries, for which UNCTAD is the technical secretariat, was held in early 1994. It was attended, inter alia, by all three existing African payments arrangements, viz., the Clearing House of the ECCAS, the PTA Clearing House and the West African Clearing House.

59. UNCTAD assisted the Economic Community of Western African States (ECOWAS) (RAF/88/047) in establishing a work programme which would help member countries in pursuing the trade liberalization process, as well as leading towards the harmonization of the external tariff. In conformity with this work programme, a survey of the different protection systems applied by ECOWAS member countries was undertaken, and elements regarding the elaboration of a common external tariff were provided. In the area of monetary and financial cooperation, four studies aimed at preparing the ground for greater convertibility and the establishment of a single monetary zone were undertaken. On the use and acceptability of national currencies in intra-regional trade, on macroeconomic indicators for achieving monetary policy convergence, elements for fostering regional capital markets, and on possibilities for the introduction of bills of exchange in the West African Clearing House the introduction of computers and software for bookkeeping improved the smooth running of the West African Clearing House Payment Mechanism. With regard to the coastal shipping, UNCTAD supported ECOWAS in a market study. It also initiated actions for the mobilization of potential investors, and examined the type of vessels most suited for the service.

E. Privatization

60. Under the project "Rationalization and privatization of trade-related public enterprises in low-income developing countries" assistance has been provided in terms of advisory services in relation to the rationalization or privatization of trade-related enterprises in low-income countries. Recent activities have been conducted in Cape Verde, Ghana, United Republic of Tanzania, Zambia and Zimbabwe. A West African privatization seminar was held in Praia, Cape Verde, in November 1993 with the participation of experts from Cape Verde, the Gambia, Ghana, Guinea, Guinea-Bissau and Senegal. Areas covered included: non-divestiture and divestiture options, techniques and financing of privatization, competition, regulation and social aspects of privatization.

F. Foreign direct investment

61. UNCTAD Division on Transnational Corporations and Investment has undertaken a number of technical cooperation activities regarding foreign direct investment in Africa in the period 1992-1993. Various activities have been conducted in South Africa relating to foreign direct investment and development management; review of investment-related laws and regulations; preparation of policy-oriented sectoral studies; and training through workshops. In Mozambique, a three-year programme aims to improve the capacity of governmental agencies to negotiate effectively with TNCs, in particular as regards to legal and institutional framework for foreign investment, by redrafting the country's investment and mining legislation, as well as developing an appropriate fiscal regime for mining and setting up of a national investment centre. Assistance is being provided to Governments in drafting a new foreign investment law and implementing regulations (Algeria) and drafting of a Code Unique (Tunisia), as a consolidation of existing sectoral codes. Other countries receiving technical assistance in relation to foreign investment are: United Republic of Tanzania, Sierra Leone, Kenya, Uganda, Gambia, Ethiopia, Sao Tome and Principe and Swaziland.

62. In addition, a number of training activities have taken place (see TD/B/40(2)/CRP.2). These have covered, inter alia, the following areas: development of financial markets; entrepreneurial development; foreign investment and privatization; investment planning and appraisal; international arbitration; joint ventures; development strategies and legal frameworks. There have also been round-tables on free economic zones; investment climate; business development; and contractual arrangements. Workshops and seminars (some in cooperation with ECA) have included: a seminar on the Report of the South Commission; Ad Hoc Expert Group Meeting on the Promotion and Investment in Industrial projects in the contexts of the Second Industrial Development Decade for Africa; and Ad Hoc Expert Group Meeting on the Revitalization of Investment in Africa's Development: Prospects in the 1990s and beyond.

G. Shipping, ports and multimodal transport

1. Transit transport in Africa

63. Transit transport in Africa has received priority in UNCTAD's technical assistance since 15 out of the total number of 29 land-locked developing countries are found in Africa. Strengthening cooperative arrangements between land-locked developing countries and their transit neighbours has been the strategy used to facilitate transit transport logistics to and from land-locked countries. The components of this strategy include assistance in: identifying physical barriers to transit traffic flows; implementing policies and procedures designed to reduce transit costs; streamlining and harmonizing customs and administrative documentation and procedures; institution-building; and strengthening human capacity in the transit sector. UNCTAD technical assistance was provided within the framework of three related projects in Transit Traffic and Support to the Transport Sector in: (a) Southern Africa (RAF/86/046-RAF/91/143); (b) West-Central Africa (RAF/88/014); and East-Central Africa (RAF/88/015).

64. The immediate objectives of the transit traffic activities are as follows: to assist the land-locked and transit countries in the subregion to negotiate mutually beneficial agreements in various areas of transit cargo across international borders and to assist these countries in the implementation of transit traffic trade and development-related policy measures designed to contribute to the reduction of current transit costs.

2. The Advance Cargo Information System (ACIS)

65. One of the main objectives of ACIS is to assist the beneficiary countries to promote trade and economic integration among themselves through an efficient management of the transport sector. In this regard, it meets a key aim of the OAU and all the sub-regional economic groupings in Africa.

66. At the request of African Governments and transport operators, efforts have concentrated on developing and implementing the port, rail and lake tracking modules; the road tracking module will follow. UNCTAD therefore continues to develop and install ACIS, concentrating on sub-Saharan Africa. RailTracker is operational on 13 African railway networks (in 12 African countries: Malawi, Zaire, Cameroon, Senegal, Kenya, United Republic of Tanzania, Ghana, Côte d'Ivoire, Burkina Faso, Mali, Uganda and Sudan) and PortTracker is operational in two African ports (Tanzania Harbour Authority and Port of Mombasa). The development and implementation of ACIS are currently funded by the World Bank, the European Commission, French and German cooperation and UNDP. In this context, the European Commission has pledged financial support for a major project to finalize the development and install ACIS on all four modes including the Backbone Information System throughout Eastern Africa. Discussions are currently being held with donors to satisfy similar requests for ACIS in Western Africa.

67. On 22 September 1994, the EDF Committee of the European Commission approved a budget of 8.5 MECUs for the installation of all the various modules of ACIS in the Eastern African member States of the PTA. This project will be executed by UNCTAD in close collaboration with the secretariat of the PTA for

3 years (1995-1997). It is hoped that if this phase is successfully implemented funds will be available for ACIS to be extended to all the geographical areas of Africa.

3. Rehabilitation of Somalia ports

68. Early in 1993, UNCTAD was asked to send a team to Mogadishu to advise on the action necessary to rehabilitate Somalia's main port following the civil war. In June a five-man team was sent to take over from the United States military the administration and management of this port.

69. In July 1993, an UNCTAD team carried out a survey of the other Somalia ports, and concluded that the ports of Kismayu, Berbera and Bosasso needed to be rehabilitated. All had suffered damage as a result of the war, equipment had been destroyed or looted and port operations had virtually ground to a halt. A programme (SOM/93/003) was drawn up for the rehabilitation of these ports which all have distinct hinterlands and therefore an important role to play in the reconstruction and development of the country. In December a two-man UNCTAD team arrived to take over from the Belgian military the management and operation of the port of Kismayu.

70. In spite of serious political and military difficulties, the ports of Mogadishu and Kismayu have both been transferred from military to civilian management. Both ports are fully operational, serving both military and commercial traffic. In Mogadishu UNCTAD acts as the port authority and the World Food Programme acts as the port operator. In Kismayu the UNCTAD team is responsible for all aspects of management and operation. Port organizations have been put in place and procedures set up for marine and cargo services, revenue collection and accounting and routine maintenance of port facilities.

4. Second United Nations Transport and Communications Decade In Africa (UNTACDA II)

71. The UNTACDA II Sub-Sectoral Working Group on Shipping, Ports, Inland Waterways and Multimodal Transport, which UNCTAD chairs, was responsible for the development of the strategies to be pursued during the Decade which were eventually adopted by African Ministers and published by the Economic Commission for Africa. UNCTAD prepared a brochure to disseminate these strategies to African Governments, sub-regional organizations and the providers and users of transport services.

72. On behalf of this Working Group UNCTAD has developed a draft action programme on maritime training which has, as its objective, that, by the end of the Decade, Africa should have an effective, integrated and collaborative network of major maritime transport training centres to serve the continents' needs. The Working Group has approved this programme and proposed a series of measures for its implementation.

73. The Group also recommended the development of seven other action programmes on: asset maintenance. These activities have had to be temporarily suspended due to lack of resources. Maritime administration,

legislation and safety; maritime environmental protection; shipping operations (to include ship-owning, chartering, shippers' councils, etc.); multimodal transport; development of inland waterways; working and living conditions (including safety) of employees in the maritime sector.

74. UNCTAD has also participated along with ECA, the World Bank, ILO, ITU, ICAO, IMO, and UNDP in a series of studies aimed at introducing changes in human resources and institutional development. Pilot projects will be undertaken in 1995 in Sierra Leone and Madagascar to implement the results of this research.

H. Insurance

75. Stable and efficient financial markets are essential to modern economies. Efficient and competitive insurance markets enable economic agents to protect themselves better against risks and help safeguard national assets and trade. Funds in the custody of domestic insurers can be invested in the economy, thus contributing to the development of a country. The objectives of the Insurance Programme is to provide support for the establishment and strengthening of competitive insurance markets in developing countries, assisting the sector to make a positive contribution to trade. During the period under review national projects in Djibouti (DJI/89/002), Kenya (KEN/81/016), and two regional projects, in Africa (RAF/87/136) were conducted. UNDP financed all these projects.

76. The objectives of the African project included inter alia the promotion of African cooperation in reinsurance, to save substantial amounts of hard currency and increase African collective self-reliance in the field of insurance. A reinsurance exchange meeting, following a series of such meetings, was organized in 1992 at which most of the African professional reinsurers and insurers having reinsurance operations participated. This constituted the last activity under the project. These reinsurance exchange meetings resulted in the actual exchange of business and in the increase of exchange of information and experiences between African companies.

77. In Djibouti, a mission was fielded and a report prepared during 1992 to advise the Government of Djibouti on legal, structural and educational matters in the field of insurance. The report showed anomalies and provided advice which if implemented could lead to much better market conditions; increase in the protection of insurance consumers and a better balance between products and consumer needs.

78. The objectives of the Kenyan project were to assist in drafting regulations and in the establishment of an Insurance Department in Kenya, by providing training and equipment. The project was concluded in 1992. The establishment of a fully-fledged regulatory and supervisory framework will lead to greater protection of insurance consumers and insurance market efficiency.

I. Technology

79. Following decisions reached at UNCTAD VIII in Cartagena, the main objective of UNCTAD's activities in this area has been to strengthen technological capacity of developing countries, particularly through training of human resources.

80. The activities undertaken in Africa in 1993 included continuation of a national project in Burundi. Within this project a seminar was held in Bujumbura on strengthening of national technological capabilities during which the participants identified problems dealing with the utilization of R & D results and proposed measures for establishing closer links between R & D institutions and the production sector. The same country hosted a workshop organized by UNCTAD on legal aspects of transfer of technology which dealt with contractual arrangements for the acquisition of technology.

81. In October 1993, UNCTAD started work on a new project aimed at building technological capability in developing countries through business linkages between foreign and domestic small/medium-sized enterprises-TRANSTECH. Within the preparatory stage of this project, financed by the Government of Denmark, missions were organized to Ghana, Uganda and Zimbabwe with the objective of working out programme modalities and institutional arrangements for TRANSTECH's implementation.

J. Human resources development

82. In response to the acute need of African countries in this area, most UNCTAD projects contain both the development and training content. The analytical report (TD/B/41(2)/6) before the current session of the Board contains a section on human resources development in Africa. An important component of UNCTAD's human resources development and training activities are undertaken under the TRAINFORTRADE programme. The goal of this programme is to strengthen human resources development and training capacities in the field of trade and trade-related activities.

83. UNCTAD, through its programme TRAINMAR, continues to support good management of the maritime sector. A network of management training institutions, coordinated and assisted by UNCTAD staff, contributes to human resource development and training for officials and managers concerned with maritime trade. The network in Africa includes training departments, centres and institutes in 14 countries of North, West and Central, Southern and Eastern Africa, working in French, Portuguese and English. These institutions cooperate together to offer professional standards of training in matters of priority concern for the maritime sector of their countries. UNCTAD assists through coordination of their efforts, the provision of support in training development and delivery, and the design and introduction of improved training techniques including a new course in human resource development used for the first time in North Africa at the end of 1994.

III. EVALUATION OF UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE NEW AGENDA

A. Present orientation of UNCTAD's contribution to the United Nations New Agenda

84. The general orientation and overall strategy of UNCTAD's contribution to the United Nations New Agenda for the Development of Africa in the 1990s has been aimed at the following elements:

(a) Analysis of the critical problems confronting Africa will be addressed effectively and urgently in a coordinated manner at the national and regional levels, through sustained pursuit of sound policies and strong regional cooperation and integration efforts;

(b) Encouraging the international community to translate its commitment to assisting Africa in achieving economic development and transformation by identifying and analysing constraints and potential solutions that are amenable to international cooperation; and mobilizing the necessary resources (regular budget and extra-budgetary) to carry out these activities and to agree on additional measures to be taken for providing the necessary support and assistance to Africa. The ultimate aim and/or expectation is for increased resource flows to Africa and for increasing awareness, at the global level, of the critical economic situation in Africa and the actions needed to improve that situation;

(c) Identifying and intensifying the provision of technical assistance in response to assessed needs based on analysis of the constraints facing Africa.

85. The need for closer attention to the problems of low-income African countries has increased. The socio-economic situation in most African countries has worsened. The number of countries classified as least developed located in Africa - 32 out of 47 - has increased since the early 1980s. Hence, in considering its evaluation of UNCTAD's contribution to the New Agenda and in giving new guidelines for a more effective effort, the Board may wish to take into account some of the brief observations and suggestions made below.

B. Policy research and analysis

86. In this area UNCTAD's ongoing work has reflected, increasingly, greater attention being given to the African situation and the least developed countries (see paras. 3-10 for instance), and has emphasized that the problems facing Africa are largely structural.

87. UNCTAD's analysis of Africa's relationship with the rest of the world acknowledges the importance of external environment to these countries, most of which are small economies. The dramatic changes in the world economy and in the international trading system, and their consequent impact on the international institutional framework, will have major implications for the prospects of Africa's development.

88. While such changes provide opportunities for development, at the same time they place the African countries in a relatively weaker position in international competition. UNCTAD's ongoing work addresses many of these issues. Of particular importance is the analysis of the design and implementation of structural adjustment programmes with a view to identifying areas where these need to be improved. For instance, the Trade and Development Report 1993 identified areas where both domestic and international policies needed to be revised considerably if the rise in poverty was to be reversed and the marginalization of Africa halted.

89. UNCTAD has also initiated some analytical work on the impact of the Uruguay Round on low-income developing countries, particularly the African ones, with a view to strengthening its technical cooperation activities in this field.

90. Both external and internal factors shape the development process, the relative importance of which requires analysis of the situation of individual countries. Given the varied degree of success and problems in African developing economies, it is proposed that forthcoming work by UNCTAD on Africa include further examination of the development experience in selected economies. Policy research and analysis on Africa has tended to be highly aggregated, limiting their usefulness, and thus not sufficiently acknowledging the fact that several African economies have in fact performed well, at least in terms of GNP growth rates.

91. Hence, it might be useful to analyse the positive experiences of individual countries and examine the possibility of replication of success stories in a particular sector. Examples include livestock development in Botswana; ability to attract foreign direct investment i.e. in Swaziland; maintaining a favourable human development index as, for example, in Lesotho (a resource-poor country with an educated population, particularly women); Mauritius, for example, for overall good macro-economic performance (another relatively resource-poor country). Ghana and Uganda can be added as recent examples of successes in rehabilitation of their economies. It would be useful then to search for elements that would make these efforts sustainable and replicable in other parts of Africa.

92. Another example is the case of indebtedness. In many analyses, all African countries are lumped together. Yet according to World Bank data, for instance, 26 out of 45 SSA countries cannot be considered as debt-ridden, half of the remainder face problems that are solvable within the existing arrangements. Aggregation precludes the possibility of developing appropriate responses to each group according to the particular circumstances facing the group. Efforts to assist those countries whose problems are solvable within existing arrangements to take advantage of these arrangements have been insufficient because of the high level of aggregation.

93. One may argue that one of the possible reasons for accentuating a pessimistic assessment of Africa's overall socio-economic performance emanates from the misconception that sensitizing the international community to the plight of the African countries will result in increased flows of resources from the donor community to Africa. However, official development flows do not necessarily result automatically from pledging sessions following

intergovernmental meetings. There is severe competition for these resources. It has been observed that, frequently, those countries that perform well according to certain criteria are more likely to attract concessional and non-concessional financial resources.

C. Technical cooperation

94. UNCTAD's approach to technical cooperation in Africa is an integral part of its approach to technical cooperation in developing countries in general. The effectiveness of the overall programme of UNCTAD has recently been reviewed by the Board at the first part of its forty-first session and at the twenty-fourth session of the Working Party on the Medium-term Plan and the Programme Budget. The Board's conclusions and guidance to the secretariat's work in this area is equally applicable to the African situation (see TD/B/41(1)/14(Vol.I), pp. 16-19 and TD/B/WP/87 of 15 December 1994). Obviously, one should stress the special circumstances of the African countries requiring a greater focus on technical cooperation activities for the region.

95. Resources available to programme and projects in Africa have gone down both in relative terms and in absolute amounts. The geographical distribution of UNCTAD's technical cooperation expenditures indicates that in 1986, 35 per cent of UNCTAD's activities went to Africa, as compared to 16.5 per cent and 12 per cent for Asia/Pacific and Latin America/Caribbean, respectively. Africa's percentage share has since declined considerably. The respective figures for 1993 are: Africa 24.4, Asia/Pacific 17.1 and Latin America/Caribbean 11.2 per cent. This is mostly due to the dramatic decline of funding from the UNDP's Regional Programme for Africa. In 1989, total resources available to UNCTAD from that source amounted to $6 million. In 1994 this figure will have fallen to about $200,000 only.

96. There is a need to increase resources available to UNCTAD on activities related to the work on Africa. Additional resources in support of Africa's development endeavours are urgently required with a view to achieving lasting effect and long-term sustainability of policy reforms, especially in those countries that, for domestic reasons or owing to the situation in international markets, have faced deteriorating conditions. In this context, if UNCTAD is to undertake more analytical work and enhance technical cooperation activities, its capacity should be strengthened accordingly.

Notes

1/ This document is an updated version of TD/B/40(20)/CRP.2. See also TD/B/WP/84 for additional information.

2/ See also the DMFAS Programme, Progress Report 1993, UNCTAD/GRD/DMS/16.

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SUSTAINABLE DEVELOPMENT:
POLICY REVIEW OF UNCTAD'S ACTIVITIES ON SUSTAINABLE DEVELOPMENT

Report by the UNCTAD secretariat

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Endnotes

I. INTRODUCTION

1. At the first part of its forty-first session, the Trade and Development Board decided to inscribe an item entitled "Sustainable development: policy review of UNCTAD's activities on sustainable development" on the agenda of the session's second part. The present report has been prepared to assist the members of the Board to undertake the desired policy review.

2. It will be recalled that issues relating to sustainable development were inscribed on the work programmes of a number of the Standing Committees and Ad Hoc Working Groups established following the eighth session of the Conference. In particular,

(a) The Standing Committee on Commodities agreed on a work programme which singled out sustainable development as one of its four priority areas;

(b) The Standing Committee on Poverty Alleviation agreed on a work programme of six priority areas which contains the following elements relating to sustainable development:

(i) analysis of the linkages between poverty and sustainable development;
(ii) examination of the implications for the poor of national and international policies relating to environment (e.g. application of the polluter-pays principle; environmental standards that might adversely affect the poor);

(c) The Standing Committee on Developing Services Sectors and its two sub-committees on shipping and insurance adopted work programmes containing the following relevant elements:

(i) the role played by the services sectors in contributing to growth and sustainable development;
(ii) comparative analysis of the factors which can contribute to sustainable development of ports and related port services;
(iii) alternative mechanisms to meet the insurance and reinsurance needs in respect of environmental impairments;

(d) The Ad Hoc Working Group on Interrelationship between Investment and Technology Transfer agreed on a work programme composed of three priority areas, of which one was entitled "Transfer and development of environmentally sound technologies"; and

(e) The Ad Hoc Working Group on Comparative Experiences with Privatization adopted a work programme which included an element on environmental aspects of privatization.

In addition, by its decision 402 (XXXIX), the Board agreed to consider the theme of "trade and environment" at the first part of its annual sessions. Subsequently, in its decision 415 (XL), the Board established and adopted terms of reference for an Ad Hoc Working Group on Trade, Environment and Development. Finally, following the transfer to UNCTAD of the former United Nations Centre on Transnational Corporations, the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), which reports to the Commission on Transnational Corporations, is being integrated into UNCTAD's intergovernmental work programme.

3. The institutional machinery has thus been established to permit the Board to undertake analysis and policy discussion on sustainable development in the context of seven primary sectors: trade; commodities; technology; services; poverty; privatisation; and accounting. In addition, the Board noted, in its

report to the General Assembly in response to the Assembly's resolution 47/191, that the UNCTAD secretariat was pursuing studies, funded by extrabudgetary resources, on market-based instruments for financing environmental protection, this work being focused primarily on the costs and benefits of CO_2 abatement, including tradeable entitlements, joint implementation of commitments, and tax-based instruments. The present report therefore covers also an eighth sector, finance, although it is recognized that no specific institutional forum within UNCTAD has as yet considered work on sustainable development in this sector. It is also recalled that agenda item 5(a) of the current Board session is devoted to "Sustainable development, population, human resources and environment" in the context of UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

4. Although the present review is devoted to the work of UNCTAD *qua* intergovernmental body, it must be recognised that the documentation for intergovernmental consideration of the subject is prepared by the secretariat. It is worth recalling in this regard that the secretariat has organized its work on sustainable development by integrating analysis and (to the extent feasible and as supplemented by extra-budgetary resources) technical assistance activities into the regular work programmes of the substantive Divisions of the institution. No overheads or central "core" staff are allocated to this work. Rather, the officer-in-charge of one of the substantive divisions serves also as a secretariat-wide coordinator of work on sustainable development within the substantive Divisions.

5. Section II of this report presents a summary of the main issues which have been covered in each of the sectors listed above, together with conclusions on a cross-cutting theme, internalization. An attempt has been made to identify those issues which seem to the secretariat to be especially important for future work by the Board and its subsidiary bodies in the field of sustainable development. Finally, section III contains conclusions and recommendations drawn from this review.

II. UNCTAD'S ACTIVITIES ON SUSTAINABLE DEVELOPMENT

A. Internalization

6. A cross-cutting theme, which underlies policy work on sustainable development in all sectors of the Board's activity, is that of the internalization of environmental costs (and benefits). This was the subject of the Board's discussion on sustainable development at the second part of its fortieth session. In its agreed conclusions 411(XL), the Board agreed that the internalization of external environmental costs was of general importance in the follow-up to UNCED, particularly in the light of the Rio Principles, especially Principle 16, and noted that it requires a careful balancing of equity and efficiency and, within the former, of intra- and inter-generational considerations of a domestic and international nature. Indeed, internalization was agreed to be a means towards the ultimate goal of the efficient avoidance of environmental costs, not a goal in itself. In this connection, the Board agreed that market-based economic instruments were often the most cost-efficient approach to internalization, creating a continuing incentive to reduce external environmental costs, but it noted that such instruments make the true costs of environmental protection highly visible and require the existence of markets and administrative structures, which may not be adequately developed in some countries.

7. As regards national policy issues, the Board agreed that success in achieving internalization within a given country was likely to be improved if attention was paid to the following elements, *inter alia*, of a potential policy mix:

(a) Attenuation or elimination of policies that distort resource allocation, in particular, environmentally unsound subsidies. Agricultural subsidies are of importance in this context, particularly those which have a trade effect;

(b) Correction of fundamental incentive failures, such as insecure or absent property rights, or unpriced resources;

(c) Gradual introduction of other internalization policies of a regulatory or economic nature. These could include product or emission charges, other economic instruments for internalization and the reinforcement of institutional capacity in the environmental area;

(d) Environmental impact assessment in public decision making, in particular concerning public projects.

It was also agreed that sound macroeconomic policies, a strong administrative and fiscal system, the development of human resources in environmental management and administrative efficiency were essential for successful internalization.

8. With respect to intergovernmental policy issues, the Board agreed that, in addition to measures at the domestic level, an efficient system of positive incentives at the international level would help to induce cooperative environmental protection with special attention being paid to positive incentives directed towards developing countries, in line with Principle 7 of the Rio Declaration. It was agreed that trade had an essential role to play as a vehicle for internalization, but that the contribution of trade liberalization to sustainable development would be achieved only when the liberalization was accompanied by government policies to ensure the adjustment of economic incentives to environmental objectives. Moreover, commodity pricing issues and the coordination of internalization in commodity-based industries were central to making trade better serve the objectives of sustainable development. Commodity production and processing imposed costs on the environment, and ultimately on those living in areas where such activities took place - costs which were rarely included in the market price. The Board also agreed that external environmental costs frequently arose from the techniques of production rather than from the product itself and noted that technologies already available could provide solutions and that potential future technologies held out the prospect of substantial improvements in production techniques. The heavy financial costs associated with the transfer of "clean" technologies would, however, make necessary the adoption of cooperative approaches (which included, in particular, the private sector) to provide incentives for switching to more environmentally sound technologies.

9. The Board's discussion concluded that work in UNCTAD on the issue of internalization should henceforward assume more specific directions. This indeed it has done, and the issue is being increasingly interwoven into sectoral discussions. Thus, it was a prominent issue during the first session of the Ad Hoc Working Group on Trade, Environment and Development, and it has been agreed that it will be one of the themes of the fourth session of the Standing Committee on Commodities. It is worth noting also that this issue is at the core of the analysis being undertaken worldwide in the context of the work programme of the Commission on Sustainable Development on sustainable consumption (chapter 4 of Agenda 21), to which it can be expected that UNCTAD will be requested to make its contribution.

B. Trade

10. In the field of trade, environment and development, UNCTAD has initiated a comprehensive programme of work, at both the intergovernmental and secretariat levels. Intergovernmental work in UNCTAD has already made major contributions

in the area of trade, environment and development. At the second part of its thirty-ninth session, the Board decided[1] to give consideration to the following areas as elements of its substantive intergovernmental work programme on trade-related aspects of sustainable development:

(a) Trends in the field of trade and environment within the framework of international cooperation;

(b) The reconciliation of environmental and trade policies, including the necessity to ensure that environmental measures do not become an instrument of protection;

(c) Analysis of the impact of environment-related regulations and standards on export competitiveness, particularly of developing countries;

(d) Building of increased awareness and understanding of the interlinkages between trade, environment and development;

(e) Consideration of the special conditions and development needs of developing countries;

(f) Collection, analysis and dissemination of environmental regulations and measures which may have an impact on trade, especially that of developing countries; and

(g) Comparative analysis of country experiences with ways and means of promoting trade expansion and diversification without deteriorating or depleting the natural resource base (with special focus on export competitiveness).

11. UNCTAD's special role on trade and environment has been focused on policy analysis and debate, conceptual work, the building of consensus among member states on the interaction between environmental and trade policies, the dissemination of information to policy makers and the encouragement and provision in capacity building.

12. At the first part of its fortieth session, the Board initiated its deliberations with the issue "Trends in field of trade and environment within the framework of international cooperation". The discussions were supported by a report prepared by the UNCTAD secretariat[2] and the contributions of a panel of experts. The Board considered the theme "The impact of environment-related policies on export competitiveness and market access" at the first part of its forty-first session.

13. In December 1992, the Ad Hoc Working Group on the Expansion of Trading Opportunities for Developing Countries decided as one of the elements of its work programme to "consider the impact of environmental policies and measures on trading opportunities of developing countries with a view to making recommendations for enhancing those opportunities".

14. As noted above, by its decision 415(XL), the Board established an Ad Hoc Working Group on Trade, Environment and Development.[3] At its first session, the Working Group examined eco-labelling, as well as market opportunities for "environmentally friendly" products.[4] The second session of the Working Group will cover (i) the effects of environmental policies, standards and regulations on market access and competitiveness with special reference to developing countries, including least developed among them, and in the light of UNCTAD's empirical studies and (ii) trade, environment and development aspects in establishing and operating eco-labelling programmes. Preliminary conclusions of the work have been reported to UNCTAD's intergovernmental bodies.[5]

15. In addition to these formal meetings of intergovernmental bodies, the Board has concluded that informal intersessional activities, such as the workshop on "Eco-labelling and Trade",[6] could be useful in assisting the Working Group's deliberations.[7] The report of the workshop, which was held at Geneva on 28-29 June 1994, has been made available to the AHWG.[8] It is expected that informal intersessional workshops organized by UNCTAD will continue to provide an opportunity for exchanging views and disseminating information on the different items included in the terms of reference of the AHWG on Trade, Environment and Development. It is also worth noting that the UNCTAD secretariat has been asked to provide inputs to other forums, and has responded to these requests whenever travel and personnel resources permitted; this has had the effect of enhancing the reputation of UNCTAD as an institution at the cutting edge of international analysis and debate on these important issues.[9]

16. The analysis and debate undertaken in UNCTAD's intergovernmental bodies so far has shown that the complexity of the linkages between trade and environment pose significant challenges to the pursuit of sustainable development. Awareness of the importance of these linkages has become evident only recently and UNCTAD, through its country studies, is providing a sound empirical basis for analyzing these linkages. Intergovernmental discussions are aided by the information obtained from UNCTAD's technical assistance programmes which are listed in detail in TD/B/WG.6/Misc.1.[10]

17. Two categories of issues dominate the debate. The first set of issues relate to trade and competitiveness impacts of changes in environmental regulations in a formal sense, as well as to the growing public concern for a better environment. Developing countries are particularly concerned that their trading opportunities may be adversely affected by the growing plethora of environmental policies, regulations and standards. The second set of issues has focused on the environmental impacts of the various attempts at trade liberalization. Concerns from the NGO's, particularly from the OECD countries have highlighted the various kinds of environmental degradation that may result from trade and growth.

18. The discussions in UNCTAD have shown that environmental problems should, so far as possible, be resolved through environmental policies rather than trade restrictions. Moreover, improved market access for developing countries exports, in conjunction with sound macro economic and environmental policies, are more likely to make an important contribution to sustainable development. Countries should seek to avoid the use of trade distortions or restrictions as a means to offset differences in costs arising from differences in environmental standards and regulations since their application could lead to trade distortions and protectionist tendencies.

19. Policies aimed at avoiding undue trade effects of environmentally-related product measures identified by the research undertaken so far, comprise the harmonization of product standards; the use of available science; transparency and early notification; and the provision of information and technical assistance to exporters.

20. On issues related to market access, discussions in UNCTAD's intergovernmental bodies have shown that with regard to product related environmental policies and standards, measures which address consumption and disposal externalities should be regarded as any other quality standard provided they are adopted in an open, equitable and non-discriminatory manner. Reliable and timely information is, however, of the utmost importance to the exporters.

21. With regard to process measures, UNCTAD's intergovernmental discussions have shown that more stringent requirements generally result in environmental benefits, provided that the specific environmental situation of each country is taken into account. Therefore, appropriate environmental measures should take account of the capacity of each country to implement such measures and in some

cases such standards may have to be phased in gradually. This also highlights the importance of striking a balance between the advantages of harmonization from a trade and transparency point of view and the advantages from the point of view of sustainable development of allowing for differences in national standards, particularly process related standards.

22. UNCTAD's intergovernmental discussions have also shown that further studies are required to assess, on the one hand, the economic costs associated with reducing the negative environmental effects of production processes and consumption and, on the other hand, the market opportunities for exporters which may flow from the demand of environmentally friendly products. Sectoral studies and firm level studies particularly in developing countries would be especially important in this context.

23. In such further studies, the following questions would need to be addressed:

(a) analysis of International Environmental Agreements (IEAs) to study (in close cooperation with UNEP) the possible effects of rights and obligations under IEAs on trade and development prospects of developing countries;

(b) the use of economic instruments for environmental purposes in developing countries and the potential effects of this type of instrument used in OECD countries on trade and competitiveness of developing countries;

(c) the differential impacts of environmental policies, standards and regulations on small and large firms. Research in developing countries has indicated that larger firms in these countries, particularly those which tend to be in direct contact with foreign buyers, may more easily meet the environmental requirements in overseas markets;

(d) the issue of exports of domestically prohibited goods;

(e) trade, environment and development aspects in establishing and operating eco-labelling programmes and market opportunities for environmentally friendly products;

(f) the further analysis of the newly emerging environmental measures, such as product liability in OECD countries with a possible impact on the exports from developing countries.

C. Commodities

24. UNCTAD's intergovernmental work on sustainable development in the context of commodities has been based on the Cartagena Commitment of UNCTAD VIII,[11] the Rio Declaration and Agenda 21[12] and the decisions of the Trade and Development Board and the Standing Committee on Commodities referred to in the Introduction.[13] In support of these intergovernmental discussions, the secretariat has developed and implemented a work programme which centres on three issues:

(a) improved natural resources management and environmental protection in the commodities sector;

(b) expanding the utilization, production and trade of environmentally friendly products; and

(c) internalization of environmental costs and resource values.

This programme has benefited from the extrabudgetary support of the Governments of the Netherlands and Norway as well as of UNDP.

25. An early step in this programme was the holding, with the support of the Government of the Netherlands, of a round table meeting on the links between market conditions and the intensity of resource use, in particular environmental effects. Reports on agriculture, forestry, fisheries and mining were discussed by 16 experts. The meeting concluded that there was a need to review in greater detail the environmental externalities associated with the production, consumption and trade of different commodities; the differences among countries regarding environmental consequences of commodity production; the instruments which can be applied to internalize environmental externalities in each particular case; and the need for concerted international action.[14]

26. To prepare and support the second session of the Standing Committee on Commodities, the secretariat focused on the programme element *improved natural resources management and environmental protection in the commodities sector*, whose objective has been to assist in the design and implementation of national and international policies which would ensure that the development of the commodity sector and commodity trade are consistent and mutually supportive with a better management of natural resources and protection of the environment. This work resulted in document TD/B/CN.1/15,[15] presented to that session, which incorporated the findings of case studies on the agricultural sector covering coffee, cocoa and rice production, undertaken to establish a solid factual basis for:

(a) assisting developing countries in designing and implementing policies which promote environmentally desirable production and processing of commodities;

(b) increasing the awareness in developed importing countries of the difficulties faced by governments and producers in developing countries in terms of environmental protection in the commodities sector.

27. The Committee stressed the particular importance it attached to the issue of fostering sustainable development in the commodity field and agreed that the following required special attention in this respect:

(a) examination of national experiences in terms of environmental impacts of commodity production, in particular the determinants of these impacts and their relationship with economic policies and market conditions, and the facilitation of exchange of experiences in this regard;

(b) collection and dissemination of information regarding natural products claimed to have environmental advantages, with a view to expanding the utilization of and international trade in such products;

(c) analysis of the economic implications of the internalization of environmental externalities with respect to commodities and study of possible support mechanisms for such internalization, in particular at the international level, taking into account logistical aspects concerning the transportation of commodities;

(d) inclusion of environmental objectives in international commodity bodies and provision of information to the Standing Committee on this issue;

(e) policies for the sustainable development of mineral-dependent economies, including policies for the sound macroeconomic management of these economies, and for the establishment in all countries concerned of an adequate legal, fiscal and regulatory framework for the management of mineral resources. Assistance would be required for the success of such policies.

The Committee also welcomed the participation by UNCTAD in the organization of the international conference on development, environment and mining held in June 1994.

28. The Conference on Development, Environment and Mining, held in Washington D.C. in June 1994, was organized in cooperation with UNEP, the World Bank and the International Council on Metals and the Environment. The Conference examined eight subjects which are especially important for the sustainable development of mineral economies. These were: macro-economic policy, including the management of the exchange rate and of mineral revenue; the role of public and private enterprise in the exploitation of mineral resources; the role of government in environmental protection; the impact of mining activities on local communities; investment and taxation policy for the mineral industry; information needs for the management of natural resources; environmental liability and the rehabilitation of mining sites; and the practice of environmental management in the mineral industry. As follow-up to the Conference, the UNCTAD secretariat is examining various options for increasing technical assistance to developing mineral economies.

29. As a supplement to the case studies on the minerals sector, an inventory of environmental legislation and practices in the mining and metals industries in selected countries in Asia and the Pacific region was compiled[16] and formed the basis for a regional seminar, held in Indonesia in September 1994. The analysis of environmental legislation and practice showed that the existence of elaborate environmental protection laws does not suffice if they are not effectively implemented or applied. In fact, inadequate implementation and enforcement appear to be the critical shortcoming in most of the countries studied. The study also found that there is a general tendency to copy Western process standards, which results in an inadequate response to environmental challenges and may produce an expensive environmental burden later on.

30. To prepare and support the third session of the Standing Committee on Commodities, the secretariat focused on the programme element *expanding the utilization, production and trade of environmentally friendly products*, which aims to assist developing countries in (i) increasing export earnings through expanding sustainable production and exports of products which are environmentally preferable from the point of view of producing and consuming countries, and (ii) benefiting from enhanced recycling programmes. This work resulted in document TD/B/CN.1/25,[17] presented to that session, which represented a first attempt at categorizing environmentally preferable products; identifying bottlenecks for their increased consumption and production; and classifying the problems that need to be resolved for encouraging the consumption, production and trade of products which cause less environmental stress into five groups:

(a) the uncompetitiveness of prices of most such products in the light of the absence of internalization of environmental costs for competing products;

(b) information constraints regarding the quality, properties and environmental advantages of environmentally friendly products, on the one hand, and commercially relevant variables (such as production volume, production location, transport facilities, prices etc.) on the other;

(c) the creation of markets;

(d) the supportive role of government policies, in particular in the areas of public procurement and standardization;

(e) the provision of international financial assistance for encouraging and supporting the production of environmentally friendly products.

31. In its agreed conclusions on this subject[18], the Committee observed that, while commodity production and processing could in some cases cause local or global environmental damage, it could also provide significant environmental services when carried out sustainably. Moreover, improved competitiveness and increased utilization of environmentally friendlier products could also help in increasing foreign exchange resources of developing countries from which many such products originate. The Committee concluded that further work on these issues was necessary in UNCTAD and that the secretariat should continue its excellent analysis in this area. In so doing, emphasis should be placed on theoretical and practical work regarding the internalization of environmental externalities, with particular focus on the impact on the environment of main distortions in price formation mechanisms, in particular the impact of subsidies and on experimental studies for some specific products where internalization would appear to be most readily addressed. In this connection, it was recognized that internalization had to be universal and undertaken collectively. The UNCTAD secretariat was also urged to undertake work to improve the applicability of lifecycle analysis to commodity issues.

32. The Committee also considered that market forces, assisted by growing consumer awareness of the advantages of environmentally friendly products, were likely to generate increased demand for such products over the next few years, particularly to the extent that consumers were willing to pay a premium for products with environmental advantages. In cases where such demand shifts did not occur spontaneously, it could be expected that fiscal and pricing measures to encourage the internalization of environmental costs could result in significant changes in patterns of consumption. Also important would be increased efforts to stimulate awareness of the environmental advantages of products, and effective marketing.

33. In pursuit of these conclusions, the secretariat is preparing a compendium of products with environmental advantages to increase public awareness of the availability of substitution possibilities. Case studies are being undertaken in several developing countries to identify the supply potential and on the basis of these studies, workshops will be organized on specific environmentally friendly products and on the issue of environmentally preferable products in general. Recycled and re-usable materials are also important in this context, and the secretariat is undertaking work whose aim is to assist developing countries in their assessment of national recycling programmes and evaluation of the likely impact of enhanced global recycling and re-use on the environment, natural resources management, the demand for virgin material and world commodity trade.

34. The third session of the Standing Committee agreed to include as one of the two substantive items on the agenda of the fourth session a discussion of issues related to the third programme element mentioned in paragraph 23, namely *internalization of environmental costs and resource values*. As noted in para. 6, this issue was - at a general level - the subject of Board discussions at its fortieth session, when more specificity was requested for future discussions. The fourth session of the Standing Committee will thus focus on the manner in which the prices of natural commodities and their synthetic competitors could reflect environmental costs.

35. Secretariat work in support of the Board discussion had focused on conceptual aspects, in particular valuation methods, principles of internalization, institutional, policy and market failures as well as the pros and cons of certain internalization instruments. A separate review of policy, institutional and market failures, the nature of externalities and various internalization instruments in the commodity sector has shown that any attempt to internalize externalities should be directed at the externalities themselves, and the techniques that cause them, rather than at the commodities per se. The work is now concentrating on practical aspects of the internalization debate. This will form the basis of training seminars which are planned. In preparation

for the forthcoming discussions in the Standing Committee, a study which undertakes a preliminary assessment of the impact of internalization policies in the agricultural sector has been undertaken. Using a static and a dynamic model, initial evaluation is made of the impact on various environmental and economic variables, including the competitiveness of different country groups.

36. It is also important to note that the UNCTAD secretariat is working very closely with other relevant international organisations in this area. In particular, UNCTAD and UNEP have launched a joint programme which is designed to examine the practical issues that need to be resolved for progress in terms of internalization of environmental costs. It also aims to generate ideas for facilitating multilateral internalization of environmental externalities. This programme contains country and commodity specific case studies as well as deliberations by a high level expert group. Also, cooperation with the OECD has involved the participation at various workshops where the findings of UNCTAD's work were presented.

D. Technology

37. UNCTAD's present work in the field of environmentally sound technologies (ESTs) has been set out in the Cartagena Commitment. Paragraph 42 of the Commitment stresses, *inter alia*, the need for UNCTAD's intergovernmental machinery and the secretariat "to explore and promote policies aimed at generating, adapting and disseminating environmentally sound technologies". In consonance with Trade and Development Board resolution 393 (XXXVIII), the work programme of the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer (TD/B/WG.5/3) included the examination of:

(a) the issues involved in the generation, transfer and diffusion of environmentally sound technologies which have an impact on competitiveness and development;

(b) policies and measures for the promotion, development, dissemination and financing of ESTs, particularly in developing countries, taking into account the need to provide incentives to innovators that promote research in and development of these technologies.

38. Item (b) was addressed in a Workshop on the Transfer and Development of ESTs organized in Oslo (from 13 to 15 October 1993)[19] by the UNCTAD secretariat, jointly with the Government of Norway. Item (a) was not directly addressed either by the Oslo Workshop or the Working Group.

39. The outcome of the workshop was considered by the Working Group at its second session and was also used as an input to the intersessional work leading to the second session of the Commission on Sustainable Development. Some of the major policy-related issues addressed by the Oslo workshop and subsequently in the deliberations of the Working Group are outlined below.

(a) In relation to the concept "environmental soundness", the relative nature of the concept was stressed, implying that environmental performance and environmental impacts of technological systems depend on local conditions and on how technology was applied in the local context. It was perceived that nearly all technologies have some kind of environmental impact, and sustainable development meant a successful assessment of environmental impacts at the initial planning stage;

(b) Particular attention was also paid to the role of different actors in the transfer and development of ESTs. The fundamental role of the private sector in this process was stressed, particularly in view of the ongoing privatization efforts in the both developed and developing countries, the increase in R&D activities undertaken by the private

sector and the rapid expansion in foreign investment. In this respect, the potential role of transnational corporations (TNCs) in the transfer of ESTs and the spreading of environmental awareness was highlighted. Building a dialogue between host countries and TNCs was considered instrumental for fulfilling this potential;

(c) The role of Governments in providing the necessary framework to create demand for ESTs and in setting the context for technical change was also highlighted, notably in the form of laws and regulations on environmental protection, measures aimed at internalizing environmental costs as well as other economic incentives. In that context, it was stressed that, wherever possible, economic instruments and performance-based standards were preferable to command and control measures. It was also indicated that structural adjustment programmes which aimed at deregulation and reduced Government involvement could affect the mechanisms available to Governments for ESTs diffusion;

(d) In its final deliberations, the Working Group examined the special problems of SMEs in the generation and transfer of ESTs. The Group discussed the numerous constraints, with regard to information, expertise and finance for upgrading environmental standards, faced by SMEs in developing countries. In its recommendations, the Group identified the major issues relating to SMEs that require further exploration. More specifically, it stressed the need to examine measures aimed at engaging more fully the creative potential of small and medium-sized enterprises in the generation and dissemination of environmentally sound technologies. Indeed, partly in response to this suggestion, the UNCTAD secretariat is currently preparing a research proposal on the role of SMEs in the generation, transfer and diffusion of ESTs;

(e) While assessing the generation and transfer of ESTs, the Working Group stressed the importance of developing domestic capabilities for harnessing imported technology to promote sustainable development. The training of people was the key to achieving that end. In this connection, the Group has singled out training and education for special attention in examining measures aimed at the generation and transfer of technology, in particular among SMEs;

(f) The financial resources necessary for the transfer of ESTs has been identified as a key problem in the transfer process. In the absence of additional concessional finance aimed at the transfer of ESTs, more creative responses, be it through official development aid (ODA) or private channels, were seen to be necessary;

(g) In the deliberations of the Working Group, particular attention was paid to the impact of intellectual property rights (IPR) on transfer and development of ESTs. While noting that the problem of IPRs was not of primary importance, it was felt, nevertheless, that further consideration of this issue would be essential, particularly concerning the impact of IPR on the access to ESTs by SMEs.

40. Concerning the issues involved in the generation, transfer and diffusion of ESTs that have an impact on competitiveness and development, they are part and parcel of the traditional technology issues that have been with UNCTAD for a number of years. Technology and technological change affect productivity, amount and composition of output, levels of employment, skill profiles of the workforce, degree of competitiveness and structure of trade. The incorporation of ESTs as a major topic in the debate on sustainable development has given new impetus and relevance to these issues.

41. In the context of its technical cooperation activities, the UNCTAD secretariat, in cooperation with the Asian and Pacific Centre for Transfer of Technology of the Economic and Social Commission for Asia and the Pacific, organized in November 1992, in Guangzhou (People's Republic of China) a regional seminar on "Investment, trade and technology", which concentrated in its deliberations on trade and technology issues, paying particular attention to the transfer and development of environmentally sound technologies.

42. In November-December 1994, the UNCTAD secretariat made substantive contributions and actively participated in the Workshop on the promotion of access to and dissemination of information on environmentally sound technologies which was organized in Seoul, by the Government of the Republic of Korea in collaboration with the Commission on Sustainable Development.

43. Finally, it should be noted that, since 1993, the UNCTAD secretariat has assumed responsibilities for the servicing of the activities of the United Nations Commission on Science and Technology for Development (CSTD). The Economic and Social Council resolution 1993/74 on the future work of the CSTD provided that one of the three substantive themes of the CSTD in the inter-sessional period 1993-1995 would be the examination of "the science and technology aspects of the sectoral issue to be discussed by the Commission for Sustainable Development in 1995". It was subsequently decided that the sectoral issue would be "The Science and Technology for Integrated Land Management". The CSTD set up a panel to examine this particular issue and its recommendations will be considered at the next session of the CSTD which will meet in May 1995.

E. Services

44. The United Nations Conference on Environment and Development, *inter alia*, addressed the question of marine environment protection and consequently adopted chapter 17 of Agenda 21 calling on States to take necessary measures to prevent further degradation of the marine environment. In particular it requested that the necessary measures be taken to facilitate the establishment of port reception facilities for the collection of oil and chemical residues and garbage from ships as defined by the annexes of MARPOL 73/78.

45. In order to ensure the implementation of provisions of MARPOL, cooperation has been initiated between UNCTAD and IMO aimed at designing a financial instrument that would ensure the funding of investments and operations of waste reception facilities in ports. The basis for this cooperation was laid at the meeting of the IMO Council in June 1994 and subsequently taken note of by the UNCTAD Standing Committee on Developing Services Sectors: Shipping in July 1994.

46. In implementing this agreement, the secretariats of UNCTAD and IMO jointly prepared a document entitled "Reception Facilities" (SPI 3/4) which was submitted to the 3rd meeting of the Ship/Port Interface Working Group held at IMO, 24-28 October 1994. The document recalls the requirements for reception facilities in ports as established under MARPOL and clearly establishes the need to go beyond the physical provision of such facilities by creating an instrument that would give an incentive to ships to actually use existing facilities and to allocate costs of investing in and operating reception facilities in a way that would reflect the "polluter pays" principle.

47. The study proposes the establishment of a fund for reception facilities, so structured and organized that the funding burden falls on those who benefit from the economic activity which gives rise to the risk of pollution. Consequently, both shipowners and cargo owners by means of a fee at registration of the ship, respectively by a "waste element" in freight charges would contribute to the fund. The latter contribution would be of particular importance given the quantity of cargo generated waste incurred. It is estimated that non-authorized dumping of different types of oil wastes alone amounts to approximately 100,000 tons per annum, thus accounting for about 5 per cent of global hydrocarbon

pollution of the oceans.

48. The Ship/port Interface Working Group discussed the findings of the report and agreed to create a sub-group that would further develop this scheme. It is intended that a report on the general feasibility be submitted to the IMO Council at its next session, on the basis of which the Council would be expected to chart the direction of further work towards the implementation of the funding instrument for waste reception facilities in ports.

F. Privatization

49. The issue of "Environmental aspects of privatization" was dealt with at the fourth session of Ad Hoc Working Group on Comparative Experiences with Privatization (5-8 April 1994). Two studies were prepared to assist discussions in this context:

(a) "Issues relating to (a) privatization and the environment and (b) the privatization of pension funds", note by the UNCTAD secretariat (TD/B/WG.3/7/Rev.2/Add.1);

(b) Country presentation by Norway: privatization and the environment. (TD/B/WG.3/Misc.39).

The Group noted that, whereas privatization involved deregulation, environmental protection often required regulation, with the result that there was a need to balance and integrate privatization and environmental policies into the growth process.

50. The Group concluded that it was important that environmental policies and instruments be properly integrated into privatization policies and that environmental impact assessments be undertaken, especially in the area of infrastructure and environmentally sensitive sectors, such assessments being a form of internalization of environmental externalities which might prove less costly than failure to anticipate and prevent potential environmental damage. It also noted that many public enterprises had significant potential environmental liabilities which needed to be addressed prior to privatization: it might be advisable to delay privatization so that restructuring could be undertaken and the structural deficiencies removed in order to avoid irreversible damage to the environment.

51. The Group also considered that it was important that public awareness of environmental considerations be enhanced, and noted that successful campaigns in this regard had been launched in connection with privatization operations, particularly of public enterprises having major environmental importance.

52. In its Final Report, the Group recommended that further analysis be undertaken, by UNCTAD or, as appropriate, by other international organizations, of the issue "privatization, environmental protection and the promotion of environmentally sound technology".

G. Finance

53. Policy mandates for UNCTAD's work in this area have emanated, firstly, from resolutions of the General Assembly pertaining to the convening of UNCED, and its outcome, Agenda 21. More recently, the secretariat's work has derived from requests for assistance in the context of the deliberations within the CSD, including its Ad Hoc Working Group on Finance. Although no intergovernmental body in UNCTAD has explicitly considered this work, it has, as noted in paragraph 3 above, been referred to explicitly in the Board's report to the General Assembly in response to the Assembly's resolution 47/191.

54. Since 1991, the UNCTAD secretariat has been conducting research into the feasibility of a global system of tradeable carbon dioxide (CO_2) emission entitlements (tradeable permits) as a market-based instrument for controlling emissions of greenhouse gases and a potentially important innovative financial mechanism. In May 1992, the secretariat issued a major report on the subject (see UNCTAD/RDP/DFP/1) as a contribution to the work of the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, in June 1992. That study contained a detailed assessment of key technical elements of a tradeable CO_2 entitlements system, including permit allocation techniques, resource transfers, equity/distributional implications, institutional and administrative requirements.

55. With the adoption of the United Nations Framework Convention on Climate Change, a new series of studies on tradeable CO_2 emission entitlements was undertaken and completed in 1994 (see UNCTAD/GID/8, 9, 10, and 11). These focused mainly on issues of feasibility and implementation; in particular on the institutional requirements for policy-making, and the organization of a global market in CO_2 emission allowances.

56. So far, a number of policy concerns for developing countries as well as industrial countries have been addressed. Among these were:

(a) *The case for greater reliance on the use of market-based economic instruments in dealing with environmental problems and their financing*: A major concern of all countries is the need to bring about emissions control at the lowest possible cost. A transferable entitlement system meets this concern. Markets can dramatically lower the cost of controlling greenhouse gas emissions by enabling utilities that can reduce emissions cheaply to sell their certified excess allowances to other utilities that would have found it more costly to do so. Tradeability therefore allows for the full exploitation of the least-cost opportunities for limiting CO_2 emissions among all countries and for the costs to be born by the wealthiest countries;

(b) *The policy conflicts between the imperative of development based on rapid industrialization (and therefore rising levels of CO_2 emissions well into the future for most developing countries) and the commitments to protect the planet's environment*: Since the solution to such conflicts cannot be simply to exempt developing countries from participating in international efforts at emissions abatement, then the alternative must be to seek policy approaches that are capable of bringing about the overall required global abatement in emissions while allowing for continued economic development in all countries, and to enable the process of industrialization to proceed unimpeded in those countries in which this process is incomplete. It was shown that a tradeable entitlements system provided the flexibility to achieve both goals simultaneously;

(c) *Permits allocation, equity and resource transfers*: A remarkable aspect of any tradeable permits regime is the condition that any initial distribution of permits would, under competitive conditions, bring about the desired least-cost outcome. This implies that the initial distribution of permits could be used to further specific social and economic objectives, such as the transfer of resources for sustainable development, without undermining the goals of abatement. Nevertheless, it has been shown that several allocation possibilities exist that would achieve simultaneously a cost-efficient control of emissions and substantial resource transfers; the latter estimated at about current levels of ODA;

(d) *Feasibility and implementation strategies*: Extensive research has helped to clarify concerns about the feasibility of a global tradeable CO_2 entitlements system. However, most observers feel that a viable

approach to implementation must begin with a simple system of "joint implementation" designed to evolve slowly over time. In this way, participants in the system would benefit from an accumulation of information and the experience of "learning by doing".

57. As regards future initiatives, pilot programmes appear now to be the key to further progress. Learning-by-doing would suggest the establishment of a pilot scheme among the major emitters and interested developing countries. This scheme could be based on a multilateral CO_2 offset programme that would develop and test key elements of a comprehensive tradeable CO_2 emission arrangement. Such a pilot programme would be in conformity with both the spirit of the Framework Convention on Climate Change and the recommendations of the second session of the Commission on Sustainable Development.

58. Finally, it is important to note that the secretariat's work in this area could not have been accomplished without the generous extrabudgetary support of the Governments of Germany, the Netherlands and Norway. In the secretariat's view, it is also fair to say that this work has been extremely well received in the milieux to which it has been presented, in particular the Ad Hoc Working Group on Finance of the CSD.

H. Accounting

59. As noted in paragraph 3 above, the work of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) is being integrated into UNCTAD's intergovernmental work programme following the transfer to UNCTAD of the former Centre on Transnational Corporations. In three sessions (1991, 1992 and 1994) ISAR's work on sustainable development issues has concentrated on disclosure of environmental information within the formal financial statements of transnational corporations. It made a number of recommendations on specific items which should be disclosed, such as: the environmental management policy and programmes of the corporation; details of environmentally related expenditures; and, liabilities and provision as a consequence of environmental damage.[20] In March 1995, the thirteenth session of ISAR will consider broader environmental topics which include:

(a) Incentives and disincentives for the adoption of sustainable development by transnational corporations and the role which accounting plays in this decision-making process;

(b) The integration of environmental performance indicators with financial information by transnational corporations;

(c) A review of various national environmental accounting laws and regulations;

(d) Disclosure by transnational corporations of environmental matters in host countries (developing) *vis-à-vis* the disclosure by the same transnational corporation in its home country (developed);

(e) A recent study by the secretariat on accounting for sustainable forestry management;[21]

(f) An "environmental balance sheet" and the relationship of corporate accounting with national accounts in respect to environmental matters.

III. CONCLUSIONS

60. The review of UNCTAD's activities on sustainable development given in section II demonstrates, in the secretariat's view, that the present arrangements for dealing with sustainable development in UNCTAD are working well. The institutional machinery is sufficiently flexible to allow sustainable development issues to be integrated into the work programmes of both Standing Committees and Ad Hoc Working Groups as and when these issues appear to be mature enough for fruitful intergovernmental discussion. Although it might be argued that the limitation of agendas for meetings of such bodies to two substantive items could restrict the scope for discussion of matters related to sustainable development, it could equally be argued that by imposing what amounts to a priority-setting exercise the agenda limitation prevents the holding of debates on issues not yet ready for discussion.

61. The review has also highlighted the fact that gaps remain in UNCTAD's intergovernmental coverage of sustainable development issues. In particular, the Standing Committee on Poverty Alleviation has as yet done no work on the linkages between poverty and sustainable development, an issue which is arguably of the highest importance if it is true, as some observers contend, that poverty is itself an important cause of environmental degradation. It is also recalled that agenda item 5(a) of the current Board session is devoted to "Sustainable development, population, human resources and environment" in the context of the United Nations New Agenda for the Development of Africa in the 1990s. It may be expected that the discussion under this item will help to fill this lacuna.

62. One question which needs to be posed in the context of intergovernmental work on sustainable development in UNCTAD is what is the appropriate forum for such work. In its decision 402(XXXIX), the Board decided to consider the theme of "trade and environment" at the first part, and "another theme or themes on sustainable development" at the second part, of its annual sessions. As noted in paragraph 2 above, subsequently, in its decision 415 (XL), the Board established and adopted terms of reference for an Ad Hoc Working Group on Trade, Environment and Development. On the assumption that governments would wish discussions in the Board to be reserved for matters of high policy, it would seem reasonable that technical work on sustainable development should be conducted primarily in the subsidiary bodies of the Board and that, when an issue was judged to be of sufficient political maturity, it should then be brought before the Board.

63. The review also indicates, again in the secretariat's view, that UNCTAD is playing its role in the United Nations system-wide thrust towards sustainable development. Reports of intergovernmental discussions within UNCTAD, and studies and analyses prepared by the secretariat to animate such discussions, have been seen as valuable inputs into processes in other parts of the system, particularly in the context of the Commission on Sustainable Development and its manifold inter-sessional activities. As Task Manager for trade and environment, UNCTAD has a central role in this area, but in other areas too - especially finance and technology - UNCTAD has played an important (and sometimes key) role. And it is expected that, as the work on internalization develops, UNCTAD's role in the United Nations system in this area will also be seen to be important.

64. Finally, the secretariat would like to record that, without the generous help of the Governments of Finland, France and the Netherlands in making available to the secretariat for two-year periods highly competent junior staff with strong environmental economics qualifications, the secretariat would not have been able to achieve what it has done in this area. The secretariat expresses the hope that other governments will prove to be equally generous in their support of its sustainable development activities, in the form of both human and financial resources.

Endnotes

1. See the annex to decision 402 (XXXIX).

2. Report TD/B/40(1)/6 on "Trends in the field of trade and development in the framework of international cooperation".

3. See document TD/B/40(2)/26 of 17 June 1994.

4. Report TD/B/WG.6/2 "International cooperation on eco-labelling and eco-certification and market opportunities for environmentally friendly products - Eco-labelling and market opportunities for environmentally friendly products".

5. Reports TD/B/40(1)/6 on "Trends in the field of trade and development in the framework of international cooperation" and TD/B/41(1)/4 on "The impact of environment-related policies on export competitiveness and market access".

6. Report of the Workshop on Eco-labelling and Trade (TD/B/WG.6/MISC.2).

7. Agreed conclusions on Sustainable Development-Trade and Environment adopted by the Board at the first part of its forty-first session, paragraph 9.

8. UNCTAD secretariat, report of the Workshop on Eco-labelling and International Trade, Geneva, 28-29 June 1994. In addition, the secretariats of UNCTAD and UNEP brought out a joint report.

9. Jha, V., R. Vossenaar and S. Zarrilli, "Eco-labelling and International Trade, Preliminary Information from Seven Systems". Draft discussion paper prepared for the ISO/IEC SAGE subgroup on eco-labelling, Toronto, 27-28 May 1993; and Jha and Zarrilli, "Eco-labelling initiatives as potential barriers to trade - a viewpoint from developing countries". Paper prepared for the OECD Informal Experts Workshop on Life-Cycle Management and Trade, Paris, 20-21 July 1993.

10. UNCTAD's technical cooperation programme on trade and environment (TD/B/WG.6/Misc.1)

11. Paragraph 214 of the Cartagena Commitment of UNCTAD VIII states that "UNCTAD should systematically explore the links between commodity policies, use and management of natural resources and sustainable development and should provide information and technical cooperation in this regard".

12. Chapter 4 on changing consumption patterns: paragraphs 4.7., 4.17., 4.24. and 4.25.

13. The work programme of UNCTAD's Standing Committee on Commodities includes the following items under the heading of "Fostering sustainable development in the commodity field":

1. Analysis of national experiences in the management of natural resources with regard to commodity production;
2. Exploration of the links between commodity policies, use and management of natural resources and sustainable development;
3. Identification of environmental problems that are specific to commodity production and processing and an examination of ways of improving developing countries' access to international financial and technical support including environmentally sound technologies to cope with such problems;
4. Identification of means by which the competitiveness of natural products with environmental advantages could be improved;

5. Examination of the manner in which prices of natural commodities and their synthetic competitors could reflect environmental costs.

14. "Report of the round table meeting on the links between market conditions and the intensity of resource use, in particular environmental effects" UNCTAD/COM/13, 24 September 1992.

15. "Fostering sustainable development in the commodity field; Experiences concerning environmental effects of commodity production and processing: Synthesis of case studies on cocoa, coffee and rice".

16. "Environmental legislation for the mining and metal industries in Asia", document UNCTAD/COM/40.

17. "Identification of means by which the competitiveness of products with environmental advantages could be improved; Reducing the environmental stress of consumption without affecting consumer satisfaction".

18. Document TD/B/CN.1/L.8.

19. See report of the Workshop on the Transfer and Development of Environmentally Sound Technologies (ESTs), UNCTAD/ITD/TEC/13.

20. See document UNCTAD/DTCI/1 entitled "Conclusions on accounting and reporting by transnational corporations".

21. Document UNCTAD/DTCI/4, entitled "Accounting for sustainable forestry management: a case study".

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INTRODUCTION

1. The twenty-fourth session of the Working Party on the Medium-term Plan and the Programme Budget was held at the Palais des Nations, Geneva, from 12 to 14 December 1994. In the course of the session, the Working Party held three plenary meetings - the 105th to 107th meetings. All other meetings were informal and held in private.

2. In his opening statement, the **Officer-in-Charge of UNCTAD** recalled that the Working Party had last reviewed UNCTAD's technical cooperation activities at its twenty-first session in September 1992. That review had covered the period 1990-1991. Since then, the Trade and Development Board had undertaken a policy review of UNCTAD's technical cooperation, as requested by paragraph 68 of the Cartagena Commitment, on the basis of a report by two independent consultants, Dame Margaret Anstee and Mr. Leelananda de Silva. The Board had completed this exercise at the first part of its forty-first session, on 30 September 1994.

3. Referring to the report on technical cooperation now before the Working Party (TD/B/WP/84), which covered the period 1992-1993, and to the Statistical Annex (TD/B/WP/84/Add.1), which, *inter alia*, lists all the projects implemented by UNCTAD during the period under review, he pointed out that the documentation did not include the activities carried out by the former Centre for Transnational Corporations, which had joined UNCTAD towards the end of the reporting period. These activities had been reviewed separately by the Commission on Transnational Corporations at its twentieth session in May 1994. He added that, in order to better integrate the relevant technical cooperation, a section known as "Advisory Services on Investment and Technology" had been created in the secretariat earlier this year by combining the relevant operational activities of the Division for Transnational Corporations and Investment and the Division for Science and Technology.

4. He believed that good progress continued to be made in the technical cooperation programmes which were of direct practical benefit to developing countries and to economies in transition. The report described many of the achievements of activities carried out by Governments and institutions with UNCTAD's support - the launching of the trade efficiency initiative and the global trade point network; expansion in the secretariat's important software-based programmes, namely customs reform, debt management and cargo tracking; managing the port of Mogadishu in Somalia; helping countries accede to the GATT/WTO and otherwise follow-up on the Uruguay Round; analytical work on the trade/environment relationships; and advice and training on commodity risk management.

5. As indicated in the report, UNCTAD had managed to maintain its level of technical cooperation at an average of some US$20 million per annum over the past four years. This figure fell far short of the requirements of developing countries and of the new recipients - the countries in transition - in the areas coming under UNCTAD's mandate. But the maintenance of this level was a matter of some satisfaction, at a time when most United Nations agencies had suffered from a fall in resources, due in particular to the lower level of UNDP funding. UNCTAD had been able to maintain its programme thanks to a diversification policy which had led to increased contributions from bilateral donors and other sources, he reaffirmed the secretariat's appreciation of the extensive support UNCTAD was receiving from a wide range of countries and organizations. The secretariat estimated that, for 1994, its delivery, including those covering transnational corporations and investment, would show a small increase with respect to 1993.

6. As the Working Party had recognized at its previous session, priority setting in technical cooperation was a complex affair. The composition of the programme - as could be seen in the statistical distribution of projects and activities among Divisions - was a reflection of the following main factors: requests by beneficiaries, actions of donors, and work by the secretariat to implement relevant decisions of the intergovernmental machinery of UNCTAD. The secretariat had no *a priori* presumption of what the programme as a whole should look like. However, the secretariat did require each individual project to satisfy certain criteria - for example, that UNCTAD had the mandate, technical competence and capacity to deal with the issue at hand; and that the project activities be related to the work programme established by the medium-term plan and programme budget. There were also of course those criteria applicable to any technical cooperation process related to project design and so forth. There was very rarely a choice between projects, simply because funding arrangements were so heterogeneous. Thus priorities were in effect determined by the beneficiaries' selection among UNCTAD's technical cooperation activities and by donor willingness to support those activities for which UNCTAD had an established track record or which included new ideas and approaches that were in consonance with their assistance priorities. Confidence in UNCTAD by both recipients and donors was a key factor in this process.

7. One of the main features of UNCTAD's technical cooperation was its integration with the policy analysis and intergovernmental deliberations - an aspect which was again emphasized in the Cartagena Commitment, and which the secretariat constantly sought to maintain and enhance. A good example of this interaction was in the area of trade efficiency, where there was no doubt that the technical cooperation activities which UNCTAD had undertaken over the years in the areas of trade facilitation, customs computerization and cargo tracking, and more recently in the promotion of pilot trade points, had played an important

role in preparation and successful outcome of the United Nations International Symposium on Trade Efficiency held in October 1994 in Columbus, Ohio.

8. Cooperation between UNCTAD and the International Trade Centre UNCTAD/GATT on operational issues was an important matter. As he had observed at the recent meeting of the Joint Advisory Group of ITC, UNCTAD saw this cooperation as qualitatively different from that relating to the parent body responsibility. UNCTAD would pursue, with ITC, practical arrangements for better complementarity and cooperation on specific operational programmes and would report thereon to the Board, as requested. From the perspective of UNCTAD, the issue had become more urgent for two reasons. First, the follow-up to the trade efficiency initiative which had culminated in Columbus, and which the Board had begun to address at its eighth executive session in early December, involved elements of business information - an area where ITC had a long experience. And secondly, the technical cooperation activities of the newly transferred United Nations Programme on Transnational Corporations naturally included issues relating to investment at the enterprise level. Synergies between UNCTAD's technical cooperation activities in this area and those of ITC with respect to export promotion would need to be explored further. Moreover, the relationship between ITC and UNCTAD on technical cooperation was likely to gain in importance with the imminent establishment of the World Trade Organization (WTO).

9. The secretariat had taken note of the conclusions of the Board on the policy issues involved in technical cooperation and would be guided accordingly. For the future, the secretariat would, as requested, continue to give priority to Africa and to the LDCs in other regions, by attempting to mobilize the necessary resources to this effect.

10. On the matter of financing, he expressed particular concern about the availability of resources to assist beneficiary countries, especially in Africa, in their implementation of the results of the Uruguay Round, as requested earlier this year by the Board. The main reason for this was the decline in UNDP resources for regional and interregional programmes which had traditionally financed UNCTAD's activities in this field. UNCTAD would have to turn to other sources for funds for these activities and he hoped it would be able to maintain this very important - and very successful - programme of technical cooperation. He therefore appealed to all donors for financial support in order to enable the secretariat to fulfil this important task.

11. He recalled the Board's decision that, as from 1995, the Working Party should review technical cooperation on an annual basis, on the basis of a report on selected technical cooperation topics, supported by comprehensive information on individual projects as well as on the programme as a whole. The Working Party would thus be expected to determine the particular topic on which the secretariat

should report in the following year. The secretariat would also explain during the informal consultations how it proposed to present the available information on UNCTAD's technical cooperation to assist the Working Party in conducting its annual review.

12. Finally, he observed that, at the current session, the Working Party would also review oral statements arising from its request under paragraphs 3 and 4 of the agreed conclusions adopted at its ninth session. Paragraph 3 of these conclusions requested the Secretary-General of UNCTAD, with respect to the activities of the Programme Coordination and Evaluation Unit, to "keep the Working Party informed at subsequent sessions of the work of this Unit". Accordingly, the Working Party would, as in the past, review a statement made on his behalf covering up-to-date approaches to evaluation and oversight and evaluation activities. Under paragraph 4, the Secretary-General of UNCTAD had been requested to keep the Working Party informed on economies and deployment of resources "necessary to implement adequately the work programme deriving from relevant resolutions and decisions taken by intergovernmental bodies and Conferences". An oral statement would also be delivered on his behalf on this question. As in the past, representatives of the various programmes and Divisions would be available to provide further information and to respond to questions.

Chapter I

REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD AND THEIR FINANCING

(Agenda item 3)

13. For its consideration of this agenda item, the Working Party had before it a report by the UNCTAD secretariat entitled:

"Technical Cooperation Programme of UNCTAD, 1992-1993" (TD/B/WP/84 and Add.1).

14. The **Deputy Executive Director of the International Trade Centre UNCTAD/GATT** said that, as stated by the Officer-in-charge of UNCTAD at the recent session of the ITC Joint Advisory Group, ITC and UNCTAD had a dual relationship. On the one hand UNCTAD was a parent organization of ITC; and on the other it was a partner organization for technical cooperation activities. During the past year, and particularly since the appointment of the Executive Director of ITC, a special effort had been made to strengthen this cooperation between the two organizations. Several concrete measures had been agreed to for this purpose: the first was that both ITC and UNCTAD would send an identical circular to their staff informing them that when project proposals were made they should reflect the real needs, irrespective of the fact that the proposed activities fell within the mandate of UNCTAD or ITC, on the understanding that subsequently each organization would inform the other of the needs thus identified. It was also agreed to identify areas where fruitful cooperation could be established through joint projects, for example in such subjects as commodities, human resource development, trade efficiency or international trade logistics.

15. An example of this close cooperation between UNCTAD and ITC was to be found in the area of trade efficiency. For many years, ITC had taken a close interest in ASYCUDA and Trade Facilitation and there had been an intensive exchange of experience through joint missions and training events. Similarly, ITC actively participated in the reparation of the United Nations International Symposium on Trade Efficiency. ITC had been pleased to share with UNCTAD and all the participants in the Trade Efficiency initiative its experience in the area of business information. The success of Columbus bore witness to the capacity of international organizations with similar mandates to amplify their impact and increase the benefits to their common recipients by pooling human and financial resources and working together in an open and constructive manner.

16. The need for such an intensification of cooperation was also recognized by the Trade and Development Board during its discussions of the policy review

of technical cooperation in UNCTAD. On that occasion the Board had stated that the secretariats of UNCTAD and ITC should pursue the matter and had invited them to report to the Board and to the Joint Advisory Group. At its recent meeting, the Joint Advisory Group had also recognized the importance of this close collaboration, and had requested ITC to report on a proposed division of work between ITC and its parent organizations and other related agencies at the next session of the Group. As part of this enhanced cooperation, ITC intended to make full use of the UNCTAD/GATT liaison mechanism, as recommended by Dame Margaret Anstee in her report.

Action by the Working Party

17. At its 107th (closing) meeting, on 14 December 1994, the Working Party adopted the draft agreed conclusions on this item, which were circulated to the meeting in English only. The adopted text was subsequently issued in all languages in TD/B/WP/87. */

*/ For the text of the agreed conclusions, see annex I below.

Chapter II

REPORT BY THE SECRETARY-GENERAL OF UNCTAD ON THE WORK OF THE SECRETARIAT ON PROGRAMME EVALUATION

(Agenda item 4)

and

REPORT BY THE SECRETARY-GENERAL OF UNCTAD ON ECONOMIES AS WELL AS ON THE REDEPLOYMENT OF RESOURCES

(Agenda item 5)

A. Oral report on item 4

18. At the 106th meeting, on 14 December 1994, the Acting Chief of the Programme Coordination and Evaluation Unit made the following statement under agenda item 4:

1. Evaluation and oversight today

(1) Over the past decade, where evaluation has been long-established, the practice of evaluation has itself made necessary a review of the role of evaluation as a management tool distinct from others. The challenge to traditional approaches to evaluation in the public sector has been to come up with meaningful and useful outcomes bearing in mind that institutional goals are frequently vague and ambiguous, at times reflecting symbolic political reasons rather than guides to action. Within the United Nations, evaluators are called upon to investigate the effects of organizational actions in a multi-causal world in which the actions of the United Nations may be only a small part of the way a national or even an international problem is addressed.

(2) Evaluation has evolved and now embraces the traditional focus on objectives and, at the same time, an issue-oriented and problem-solving approach. As is pointed out in the Secretary-General's report to the current session of the General Assembly on evaluation (A/C.5/49/1), "evaluators are viewed more as systems generalists and expert troubleshooters". In this light, evaluation studies should be primarily investigations into problems, issues and areas that governing bodies and senior management are concerned about. At the same time, in the interest of accountability, evaluation, together with monitoring, is emerging as a principal oversight mechanism.

(3) UNCTAD's approach to evaluation, within the limits imposed by availability of resources devoted to oversight, has sought to follow this trend. In addition to the two management analyses on the use of consultants and the development of UNCTAD's computerized systems (including information systems, software packages and data bases), reported to the Working Party at its twenty-first session in 1992, a number of ad hoc issue-oriented reviews/analyses for the senior management of UNCTAD have been conducted since. To give examples:

(a) In the light of member States' emphasis on programme delivery and accountability at various intergovernmental meetings, in particular, the General Assembly and CPC, UNCTAD has conducted an internal management analysis on programme performance, its monitoring and reporting. The study analysed the current situation, drawing lessons from past experience and putting forward some recommendations for improvement in programme delivery, monitoring and reporting.

(b) The mid-term review carried out by the Trade and Development Board in May 1994 was an important event for UNCTAD to assess the performance of the intergovernmental machinery established at Cartagena and to make institutional adaptation mid-way between Conferences. PCEU has provided substantive support to the Secretary-General's preliminary evaluation of the work of UNCTAD since Cartagena from the secretariat's perspective. This included, among other things, a survey of representation at UNCTAD intergovernmental meetings, which was in response to the concern expressed by member States, particularly the least developed countries.

(c) PCEU was also involved in programmatic reviews of UNCTAD in the context of the restructuring of the United Nations Secretariat in the social and economic sectors, decentralization, and in the assessment of the impact of the restructuring on the work of UNCTAD - inputs to the Secretary-General's reports to CPC and General Assembly.

2. Self-evaluation of subprogrammes

(4) As delegations are aware, UNCTAD VIII led to a major re-orientation and restructuring of the work which was reflected in the first revision to the current Medium-term Plan, which was subsequently adopted by the General Assembly at the end of 1992. In turn, the work programmes established by the new intergovernmental bodies were finalized only in the first half of 1993.

(5) Meaningful evaluation can be carried only after a programme of work has been in operation for a period of time which would allow for some assessment of the effectiveness and impact. As a rule of thumb, generally this is reckoned to be a minimum of two years. Owing to the above factors, the new round of self-evaluation per se, as called for by the programme planning rules, actually started after the mid-term review carried out by the Board. This review laid a good ground for the self-evaluation of work programmes. During the second half of 1994, UNCTAD has been conducting self-evaluations on three subprogrammes: Subprogramme 13.9, "Privatization, entrepreneurship and competitiveness"; Subprogramme 14.1, "Structural adjustment and trading opportunities"; and Subprogramme 13.6, "Economic Cooperation among Developing Countries". The self-evaluation of subprogramme 13.9 was finalized in mid-November 1994 and senior management is currently assessing its findings and lessons learnt.

3. Evaluation of technical cooperation activities

(6) During the reporting period, nine evaluations on technical cooperation activities were conducted, mainly in the areas of strengthening the capacities of developing countries in the multilateral negotiations (MTN projects), improving systems and procedures (AYCUDA and DMFAS), privatization and enterprise development, human resources development (TRAINFORTRADE). The list of projects evaluated during the reporting period is to be found in TD/B/WP/84. In addition to the above evaluations, there was, of course, a major policy evaluation on overall technical cooperation since UNCTAD VIII conducted by Dame Margaret Anstee and Mr. Leelananda de Silva (TD/B/40(2)/14).

(7) It should be noted that not all projects are subject to "evaluation". Most UNDP-financed projects do not fall into the UNDP requirements for evaluation owing to their size or other factors. The evaluation of trust-fund projects is more or less on ad hoc basis depending on the requests of individual donors.

(8) In general, evaluation studies of UNCTAD technical cooperation projects have reported positively on many aspects of the activities. In addition to assessing the effectiveness and efficiency, identifying specific management and technical issues and providing recommendations for resolution, including follow-up to the project, project evaluations also serve to provide a basis for drawing broad lessons relevant to future planning, design and implementation of projects. The role of drawing broader lessons is of particular significance, as evaluation lessons from one project may be applicable to a cluster of projects or other similar projects. The summary of the lessons learnt is given in TD/B/WP/84.

Appendix

Revised self-evaluation plan for 1994-1997

1994 - Structural adjustment and trading opportunities (Subprogramme 14.1)

- ECDC (Subprogramme 13.6)
- Privatization, entrepreneurship and competitiveness (Subprogramme 13.9)

1995 - Trade efficiency (Subprogramme 14.3)

- Commodities (Subprogramme 13.2)
- Minimizing the negative effects of transnational corporations and enhancing their contribution to development (Subprogramme 23.2)

1996 - Poverty alleviation (Subprogramme 13.5)

- International competition and trade policies (Subprogramme 13.1)
- Enlarged economic spaces, etc. (Subprogramme 13.8)
- Development finance and debt (Subprogramme 13.3)
- Strengthening the capacity of host developing countries in dealing with matters related to transnational corporations (Subprogramme 23.3)

1997 - Services development (Subprogramme 14.4)

- Global interdependence (Subprogramme 13.7)
- LDCs (Subprogramme 15.1)
- Investment and technology (Subprogramme 17.3)
- Endogenous capacity-building and resource mobilization (Subprogramme 17.1)
- Advance technology assessment system and information services (Subprogramme 17.2)

B. Oral report on item 5

19. Also at the 106th meeting, on 14 December 1994, the Director of the Division for Programme Support and Management Services made the following statement under agenda item 5:

1. Introduction

(1) The UNCTAD secretariat has had a long-standing practice of informing member States periodically about realignment of the secretariat, deployment of staff between Divisions, and economies. This has been done through the mechanism of the consultations of the Secretary-General and also through that of the Working Party. In addition, administrative issuances from the Secretary-General of UNCTAD pertaining to realignment of the UNCTAD secretariat have been made available to delegations.

2. Realignment of the UNCTAD secretariat

(2) At the Consultations on 17 January 1994 the Secretary-General of UNCTAD informed delegations that, once he had received confirmation from Headquarters that the realignment of the UNCTAD secretariat could be pursued, he would proceed. Furthermore, he indicated that the new organizational structure would be communicated to delegations. The main lines of the realignment were announced in February through a circular memorandum from the Secretary-General of UNCTAD to all staff. At the Monthly Consultations held on 11 May, the Officer-in-charge of UNCTAD explained the difficulties faced by the secretariat in preparing an up-to-date organigramme, in particular owing to the organizational and personnel assignment problems and uncertainties created by the incorporation into UNCTAD of the activities covering transnational corporations and science and technology previously carried out at Headquarters. A complicating factor was the fact that Directors for the Divisions concerned had not yet been appointed and that, furthermore, other Director positions were falling vacant. A telephone directory, including an organigramme and the organizational location and titles of officials was issued subsequently and made available to delegations at the Autumn session of the Board in 1994.

(3) The basis for the realignment of February 1994 was the programmatic implications of the General Assembly resolutions relating to restructuring of the economic and social sectors of the United Nations. The realignment was determined by the following basic considerations:

(a) the structure of the subprogrammes assigned for execution to UNCTAD, and the resource base (especially at the senior management level)

of the UNCTAD secretariat, as indicated in the Programme Budget 1994-1995 approved by the General Assembly;

(b) the transfer to UNCTAD, under the conditions determined by the General Assembly in its resolution 47/212B and 48/228, of the Programmes on Transnational Corporations and on Science and Technology for Development;

(c) the strong emphasis that the Secretary-General of the United Nations has placed on the need to establish a critical mass of expertise in key areas, improve programme delivery, reduce fragmentation and achieve economies of scale.

(4) In addition, some other considerations had also to be taken into account in the process of this realignment, such as that: (i) responsibilities for the execution of subprogrammes and activities should be clustered together, depending on the closeness of their interrelations, in distinct Divisions, with provision for clear and simplified reporting lines; (ii) Divisions at the D-2 level should be the basic organizational entities responsible for the execution of subprogrammes.

3. Economies in UNCTAD

(5) Over the past two years, significant economies have been realized within UNCTAD. Thus, 13 posts formerly under the subprogramme relating to trade among countries having different economic and social systems (and consisting of one D-2, two P-5, one P-4, three P-3, two P-2, and four GS) were abolished, together with the post at the ASG level providing for a Deputy Secretary-General of UNCTAD, and 2 other posts (one P-4 and one P-2) under Executive Direction and Management. In addition, two posts (one D-1 and one P-4) under Subprogramme 13.11 (Environment and sustainable development) were transferred to the Department of Policy Coordination and Sustainable Development, New York, as a result of the restructuring which led to the consolidation of cross-sectoral issues pertaining to sustainable development in this new department.

(6) Further significant economies have been realized in the process of the transfer to UNCTAD of the programmes on transnational corporations and science and technology, as has been noted by the Secretary-General in his report to the current session of the General Assembly on the restructuring. In the case of transnational corporations, UNCTAD has assumed full responsibility for the entire work programme but has been allocated 78 per cent (or 52 per cent if extrabudgetary resources are taken into account) of the resources appropriated for these activities in the original programme budget for 1992-1993. In the case of science and technology for development, UNCTAD has assumed responsibility for

three of the four subprogrammes of the work programme but has been allocated 50 per cent of the resources appropriated for these activities in the original programme budget for 1992-1993.

(7) Regarding UNCTAD's extrabudgetary resources, as already stated in our report to the current session of the Working Party, the total expenditure on technical cooperation in 1993 was US$ 20.3 million, showing a slight decline with respect to the peak reached in 1990 and 1991, although this level is substantially higher than that of the 1980s.

(8) As to the programme on transnational corporations, the extrabudgetary resources available following the restructuring have proved to be substantially less than in past years, thereby necessitating a less ambitious technical cooperation programme. Several of the traditional donors to the Trust Fund on Transnational Corporations have cited uncertainty in the programme's future as the reason for withholding their normal annual contribution. So far only two traditional donors (Finland and China) have resumed their contributions. It is hoped that voluntary contributions of member States to the Trust Fund on Transnational Corporations will be restored to their traditional levels as the restructuring takes full effect.

4. Integration of former CTC and CSTD into UNCTAD

(9) The process of integration of the programmes on transnational corporations and on science and technology for development within UNCTAD, following the adoption of General Assembly resolution 47/212.B, was completed in the first half of 1994. The transfer to UNCTAD of these two programmes led to the following positive developments:

(a) The assignment of responsibilities for a set of issues to a single organizational entity. By mobilizing within the same organization the relevant programmes and related resources, UNCTAD has enhanced its role as the most appropriate focal point within the United Nations proper for the integrated treatment of issues in the areas of trade, finance, investment, technology and services. The fragmentation and the duplication of work was consequently considerably reduced;

(b) An improved substantive support for intergovernmental bodies both within UNCTAD and outside;

(c) The transfer to UNCTAD of the resources for the implementation of the programmes on transnational corporations and on science and technology for development has created the expected critical mass

of expertise. The two Programmes mobilize now, in their respective areas of competence, the combined expertise of the former Centres and that of UNCTAD. The expected synergies on a number of major issues have been put in place, such as investment, trade, technology, services, commodities, transnational corporations, privatization, enterprise development, competitiveness and competition policies. These synergies have already become operational and their effect is expected to be extended in future in the context of UNCTAD's internal planning system for the preparation of intergovernmental meetings.

(10) However, the benefit derived from the creation of synergies and of the critical mass of expertise might not entirely offset, in the long-run, the significant reduction of resources, in particular extra-budgetary, involved in the transfer.

5. Authority of programme managers and accountability

(11) The Secretary-General's report to the current session of the General Assembly on the establishment of a system of accountability and responsibility foresees a *"considerable deregulation"* in order to enhance the capacity of managers to redeploy resources to priority areas of work within the scope of their programme responsibility. In the case of UNCTAD, there is a longstanding intergovernmental consensus regarding operational flexibility which was reconfirmed in the Cartagena Commitment ("Methods of work", para. 86).

(12) In the light of these developments, discussions are currently proceeding on decentralization of authority within the United Nations Secretariat. With respect to implementation at Geneva, the Secretary-General has commissioned a management study on delegation of authority. The measures being proposed are expected to increase accountability and to reduce the system's deficiencies by avoiding bottlenecks and by making for more timely decisions, in line with the Secretary-General's views. As the Secretary-General concludes his report to the General Assembly on accountability and responsibility: *"In short, the objective of this exercise should be the creation of a mission-driven and result-oriented Organization in which the Secretariat and the intergovernmental bodies interact on an ongoing basis, but have the confidence to concentrate their efforts on their respective functions: the execution of legislative mandates and the management of programme implementation in the case of the Secretariat and, in the case of the intergovernmental bodies, the provision of mandates and overall policy guidance."*

C. General comments on agenda items 4 and 5

20. The representative of the **United States of America** expressed the hope that the list of programmes and subprogrammes cited by the Acting Chief of the Programme Coordination and Evaluation Unit could be made available to delegations so that they could check it against the Medium-term Plan. With regard to the Acting Chief's comment that some two years' experience with a work programme was needed before the programme could be evaluated, he observed that the structure set up under the Cartagena Commitment to establish ad hoc working groups seemed to have functioned to the satisfaction of most member States. When the Trade and Development Board, at its mid-term review session in May 1994, had terminated the five initial Working Groups, the subprogrammes had continued to exist within the Medium-term Plan, although the intergovernmental machinery had been modified. He hoped that delegations could take heart from what the Acting Chief had said regarding the value of the mid-term review in providing the necessary background for self-evaluation of the subprogrammes, and that the links with the intergovernmental process would not be broken by waiting too long before undertaking the evaluation.

21. Regarding the reference made by the Director of the Division for Programme Support and Management Services to the organigramme of the UNCTAD secretariat, he observed that the secretariat had still not made available a full staff list by Division and by function and grade. Such a list would enable delegations to understand where exactly the staffing resources of UNCTAD were located and how movements of personnel were being effected. He therefore reiterated the request made by member States over the past two years for a more detailed breakdown of UNCTAD staff members.

22. The representative of **France** supported the remarks made by the United States on the need for a detailed staff list. A clear organigramme was a useful tool and made for transparency. It was important for delegations to be able to identify individual staff and their functions. It mattered little that some posts might be vacant or that the secretariat structures were currently undergoing a number of changes: an organigramme could well be revised periodically - say every six months - to reflect such changes.

23. On the matter of programme evaluation, he said that the document prepared for the Working Party on technical cooperation should in future offer a more detailed assessment of the actual results and impact of such activities.

24. Endorsing the views expressed by the previous speakers, the representative of the **Russian Federation** urged the secretariat to prepare an organigramme, if possible by the beginning of 1995, in order to simplify links between delegations and the secretariat. If delegations were furnished with a full list of staff

working in all the Divisions - showing function, grade and exact location - they would know whom to contact for information or assistance. There was nothing confidential about such a list: United Nations Headquarters issued a full list every year, as did UNDP and UNIDO. UNCTAD was simply urged to follow those examples.

25. The representative of the **Islamic Republic of Iran** said that a comprehensive staff list would help to establish a channel of communication between governments and UNCTAD in order to exchange views on matters of interest to development falling within the province of the various Divisions of UNCTAD. It was particularly important to have such a list at a time of scarce resources. Furthermore, the improved channel of communication established by the list would make it easier to consult on the proper timing and precise targeting of technical assistance to specific countries.

26. The Director of the **Division for Programme Support and Management Services**, responding to the request for a list that would show the name, grade, location and functions of all UNCTAD staff members, said that the secretariat had already, in response to the earlier request of the delegations, issued an organigramme of UNCTAD together with the list of all the senior staff by organizational entity, indicating their respective titles, location and telephone numbers. He took note of the fact that delegations now requested an organigramme and staff list similar to a list put at the disposal of the delegations by the Economic Commission for Europe. He would obtain and examine that list. If United Nations Headquarters in New York agreed that UNCTAD could produce a similar list, the secretariat would do so forthwith. If, however, Headquarters were to rule that the "List of Staff of the United Nations Secretariat" issued annually and distributed to Member States was the only document that should be officially made available to delegations, the UNCTAD secretariat would have to follow the ruling of Headquarters. But it was his hope that, armed with the example of the ECE list, the secretariat could secure a favourable response from Headquarters and thus be in a position to issue the list in early 1995.

27. The representative of **Switzerland**, speaking on a point of information, stated that Switzerland had just recently communicated to the UNCTAD secretariat that it had made a substantial contribution to the Trust Fund on Transnational Corporations.

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

28. The twenty-fourth session of the Working Party was opened on 12 December 1994 by Mr. Gomi Senadhira (Sri Lanka), Chairman of the Working Party at its twenty-third session.

B. Election of officers

(Agenda item 1)

29. At its 105th (opening) meeting, on 12 December 1994, the Working Party elected Mr. José Luis Gabilondo (Argentina) as its Chairman and Mr. Mitsuru Kitano (Japan) as its Vice-Chairman-cum-Rapporteur.

C. Adoption of the agenda and organization of work

(Agenda item 2)

30. Also at its 105th meeting, the Working Party adopted the provisional agenda for its twenty-fourth session (TD/B/WP/86), as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the technical cooperation activities of UNCTAD and their financing
4. Report by the Secretary-General of UNCTAD on the work of the secretariat on programme evaluation
5. Report by the Secretary-General of UNCTAD on economies as well as on the redeployment of resources
6. Provisional agenda for the twenty-fifth session of the Working Party
7. Other business
8. Adoption of the report of the Working Party to the Trade and Development Board.

D. Provisional agenda for the twenty-fifth session of the Working Party

(Agenda item 6)

31. At its 107th (closing) meeting, on 14 December 1994, the Working Party approved the draft provisional agenda for its twenty-fifth session circulated informally by the secretariat. (For the provisional agenda, see annex II).

E. Adoption of the report of the Working Party to the Trade and Development Board

(Agenda item 8)

32. At the same meeting, the Working Party adopted the draft report on its twenty-fourth session (TD/B/WP/L.70) and authorized the Rapporteur to complete the final report as appropriate.

ANNEXES

Annex I

REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD AND THEIR FINANCING

Agreed conclusions */

Taking into account agreed conclusions 421 (XLI) on technical cooperation activities adopted by the Trade and Development Board on 30 September 1994, and after analysing the technical cooperation programmes of UNCTAD, the Working Party:

1. Takes note with appreciation of the report on technical cooperation activities of UNCTAD and the complementary statistical information submitted by the secretariat (TD/B/WP/84 and Add. 1);

2. Stresses the importance of clear priority setting and the cost effective use of resources in order to maximize the impact of UNCTAD's technical cooperation;

3. Commends the UNCTAD secretariat for its efforts to improve the management and cost-effectiveness of its technical cooperation;

4. Urges the UNCTAD secretariat to continue with the implementation of measures aimed at increasing transparency and overall administrative efficiency, in particular to ensure the allocation of support costs in a transparent and equitable manner, and requests the secretariat to report regularly on the implementation of those measures;

5. Observes that criteria governing the extent and content of technical assistance should include timely consideration of developments in economic restructuring of the user countries both at macro and micro levels vis-à-vis applicability of the technical assistance currently at hand or scheduled to be redesigned;

6. Notes with concern the adverse impact on some of UNCTAD's technical cooperation activities of reduced funding from UNDP;

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*/ Adopted by the Working Party at its 107th (closing) meeting, on 14 December 1994.

7. Appeals to the Executive Board of UNDP to make its best endeavours to maintain the availability of funds for technical cooperation projects where UNCTAD has a comparative advantage;

8. Welcomes the increasing financial support for UNCTAD's technical cooperation programmes by member States and other donors;

9. Invites donors to increase their level of extra-budgetary contributions, particularly in those areas of UNCTAD's technical cooperation programme where there is as yet an unsatisfied demand;

10. Calls upon the UNCTAD secretariat to explore the possibilities of intensifying cooperation with other relevant organizations, in particular GATT/WTO and the International Trade Centre UNCTAD/GATT (ITC), with the objective of fully utilizing existing strengths, increasing the combined impact, exploiting complementarities and creating new synergies while avoiding unnecessary overlap;

11. Calls for a very close cooperation by UNCTAD and ITC in the implementation of the Trade Point programme following the United Nations International Symposium on Trade Efficiency;

12. Requests the UNCTAD secretariat to report regularly to the Trade and Development Board on its coordination with other relevant organizations in order to allow for a coherent division of labour among the various institutions providing technical assistance in the field of trade and development;

13. Also requests the UNCTAD secretariat to keep the member States and Permanent Missions in Geneva abreast, on a regular basis, of developments and progress in the area of technical cooperation activities;

14. Requests the UNCTAD secretariat to present the documentation for the subsequent sessions of the Working Party that deal with technical cooperation in the following format:

(a) **An annual report** on topics on technical cooperation selected by the Working Party in collaboration with the UNCTAD secretariat, beginning in 1995 with the issue of national capacity-building associated with international trade negotiations;

(b) **An in-depth study** on a technical cooperation programme selected by the Working Party in collaboration with the secretariat, which will allow the Working Party to better evaluate the programme, recommend follow-up action and enhance UNCTAD's comparative advantages, beginning in 1995 with the ASYCUDA programme;

(c) **Reformulate the documentation** submitted to the Working Party to provide, on a Division-by-Division basis, information and analysis on each technical cooperation programme, as follows:

- Content, objectives and features of each programme and its relationship to the work programme
- List of projects, beneficiaries and donors
- Coordination within the secretariat and with other organizations
- Resources allocated
- Time-schedule for implementation
- Main outputs and impact/results/follow-up (including information on any evaluation studies); and
- Problems encountered and solutions proposed.

15. Requests the UNCTAD secretariat to explore the possibility of setting up an evaluation mechanism such as that used in other relevant international organizations.

Annex II

PROVISIONAL AGENDA FOR THE TWENTY-FIFTH SESSION OF THE WORKING PARTY */

1. Election of officers

2. Adoption of the agenda and organization of work

3. Review of the UNCTAD section of the proposed United Nations programme budget for the biennium 1996-1997

4. Provisional agenda for the twenty-sixth session of the Working Party

5. Other business

6. Adoption of the report of the Working Party to the Trade and Development Board.

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*/ Approved by the Working Party at its 107th (closing) meeting, on 14 December 1994.

Annex III

MEMBERSHIP AND ATTENDANCE */

1. The following States members of UNCTAD, members of the Working Party, were represented at the session:

Argentina
China
Czech Republic
India
Iran (Islamic Republic of)
Japan
Mexico
Poland
Russian Federation
Sri Lanka
Sweden
Switzerland
Tunisia
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America

2. The following other States members of UNCTAD, not members of the Working Party, were represented as observers at the session:

Austria
Bahrain
Bolivia
Cuba
Denmark
Ecuador
Egypt
Ethiopia
Finland
France
Germany
Honduras
Hungary
Ireland
Italy
Madagascar
Nepal
Netherlands
Norway
Philippines
Qatar
Republic of Korea
Thailand
Zambia

3. The International Trade Centre UNCTAD/GATT was represented at the session.

4. The following intergovernmental organizations were represented at the session:

European Community
Organization of African Unity

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*/ For the list of participants, see TD/B/WP/INF.30.

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OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-seventh session

Note by the UNCTAD secretariat

Attention is drawn to the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-seventh session (ITC/AG(XXVII)/145 and Add.1), held from 21 to 25 November 1994.

Information is contained in the relevant annotation to this item in document TD/B/42(1)/1.

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